AMENDMENTS TO THE SOCIAL SECURITY ACT 1973 — 1974 (INCLUDING SSI AMENDMENTS)

Volumes 1 — 3

PUBLIC LAW 93- 66	— 93RD CONGRESS — H.R. 7445
PUBLIC LAW 93-233	— 93RD CONGRESS — H.R. 11333
PUBLIC LAW 93-256	— 93RD CONGRESS — H.R. 13025
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PUBLIC LAW 93-579	— 93RD CONGRESS — H.R. 16373

DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Social Security Administration

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REPORTS, BILLS,
DEBATES, AND ACTS

DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Social Security Administration
Office of Policy
Office of Legislative and Regulatory Policy

PREFACE

This three-volume historical compilation covers amendments affecting the Social Security and Supplemental Security Income programs enacted during 1973-74. The books contain congressional debate, a chronological compilation of documents pertinent to the legislative history of Social Security enactments and listings of relevant reference materials. Pertinent documents include:

- Committee Reports and Selected Prints
- Differing Version of Key Bills
- Summaries of Provisions
- Cost Estimates
- Acts
- Historical Descriptions

The books are prepared by the Office of Legislative and Regulatory Policy, Legislative Reference Office, and are designed to serve as helpful resource tools for those charged with interpreting the Social Security law.

John Trout, Director
Office of Legislative
and Regulatory Policy

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RENEGOTIATION AMENDMENTS OF 1973

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of calendar No. 228, H.R. 7445, that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER (Mr. WILLIAMS). The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 7445, to amend the Renegotiation Act of 1951 to extend the Act for 2 years.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. This is a motion to take up the Renegotiation Act. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. That motion is debatable. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. I ask the majority leader and the chairman of the Finance Committee, with whom I have had some discussions about this measure, why it has to be brought up tonight, in view of the fact that it is contemplated to have a series of amendments which have been previously dealt with by the Senate and which have heretofore been passed by the Senate, last year, in the Veterans' Committee, of which I have the opportunity and honor of being

chairman, and why that measure has to be brought up tonight and not tomorrow.

Mr. LONG. Mr. President, this bill should be disposed of, because the Renegotiation Act expires at the end of this month, which ends tomorrow night.

It is the intention of the Senator from Louisiana to offer as an amendment to the renegotiation bill the social security amendments which were voted by the Senate on the debt limit bill. The point was made, when this matter was discussed in the House of Representatives—and in the overall general confusion there, the House did not agree to the proposed conference report—that the veterans could have a reduction in their pensions when the social security benefits were increased. So a proposal has been suggested, which the Senator has supported several times, and which I believe he has had passed through the Senate, and sent to the House. The proposal is that a provision to protect veterans' pensions should be included in this social security amendment so that the increase in social security benefits should not be taken into account in determining the amount of the pensions that veterans would receive.

In addition, Mr. President, we well recognize that there is a very strong possibility that if the debt limit bill goes to the White House with the social security amendments on it, it will be vetoed by the President. In fact, that is an overwhelming possibility, because purely on fiscal grounds, this would have a major impact on the budget and this is not in the plans of the administration. It would increase the budget deficit on a consolidated basis.

Because that is the case, I am led to believe, on the basis of every reasonable evidence I can get, that if we remove the social security amendments from this bill and add them to the Renegotiation Act and send both bills down, the President will sign the debt limit bill, and the Government can continue to operate and pay its bills.

Further, Mr. President, it is my judgment that we stand a good chance to override a veto if the President sees fit to veto the social security increase, as he probably will. If they are on the renegotiation bill, a small package, but a package which has passed the Senate by a margin of almost 90 percent, in my opinion we will have a better chance to override a veto.

It seems to me that this provides an advantage for the administration, in that it will be able to continue to move the country ahead, because the President will be able to pay the country's bills, and the dollar will not decline disastrously in world markets, and Government employees will receive their pay. The President can then sign about half the bill we pass, which I am led to believe he is willing to sign.

I think it also has an advantage to those of us who want to pass the social security increases. If left to themselves, my guess is that we would have a better chance to pass them on their own merit than if we have them wrapped in a package which someone might vote against, because he does not like some of the other amendments to the debt limit bill.

So I think that both the administration would win, and also those of us who favor the social security increase would win by this approach I am suggesting. Above all, the country would win; because it is not good for this Nation if it is not able to pay its debts.

We are in an unfortunate situation in which we have an impasse over a major increase in the social security payments—well justified though it may be—an increase which the administration, for budgetary reasons, feels the President should veto.

In my judgment, this is about the best arrangement we could work out all ways around, and that is why I propose that these social security amendments be placed on the renegotiation bill. We would then proceed to go to conference with the House on the debt limit and propose to the House conferees that they offer the House the social security package in one bill, and the remainder of the Senate amendments to the debt limit package. That is the way I believe we have the best prospect to obtain something that the House would be willing to pass and that would be sent to the President.

In my judgment, I think it affords advantages to those of us who favor the social security increases as well as those who favor the other provisions in the bill. If we do this, the House will agree to the other amendments, the President will sign the debt limit bill, and that will become law. My clarifying the issue of what we will be voting on, the social security and the welfare amendments will have their best chance, by standing on their own rather than being confused with a number of other amendments.

This is my proposal. I discussed it with the Senator from Utah (Mr. BENNETT), and he was willing to recommend that this would be the wise thing for all concerned. We think this is the best answer to the problem: Rather than sending a bill to the White House which the President would be willing to sign in part, but which would be vetoed, because we had overloaded it, we would divide it in two, with the full anticipation that one part would be vetoed. The part that would be vetoed probably would be vetoed in any event, but it probably would stand its best chance on its own rather than encumbered by other items.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG. Do I have the floor, Mr. President?

The PRESIDING OFFICER. The Senator from Indiana has the floor.

Mr. HARTKE. I will yield in a moment.

Is there any reason why, if this bill needs to be passed tonight, we cannot avoid going through this complicated procedure? It has ramifications which are far greater than have been stated so far, and I would be prepared to discuss them at length.

I know that many people are tired this evening and would like to go home, but I assure them that we are not going to vote on this measure at least befo 1 o'clock, if it is brought up tonigh and perhaps later.

Let me explain honestly when I ask that the Committee on Finance acce the veterans amendment being propos on the social security amendments of la year, I was assured it would be pass at a later date and they would not a cept it. We did pass it later in the Senat We passed a veterans amendment. Eve veteran since January 1 has been deni an increase. I want to give veterans preference, but I do not want to use the as a tool.

What the Senator is asking us to d is to put this social security amendmen and the veterans amendment on a bil which the chairman of the Committee o Finance has already announced is going to be vetoed. I am not in favor of that

I have no question that he favors a vote on the veterans amendment.

There is another ramification. The House rejected the debt ceiling bill and I understand we are going to a conference at 10 o'clock tomorrow. Is that correct? Are we going to a conference tomorrow on a debt limit bill?

Mr. LONG. Mr. President, will the Senator yield to me for a brief statement?

Mr. HARTKE. Yes. I yield.

Mr. LONG. I hope we are going to have a conference tomorrow. Frankly, I do not feel like going to conference unless we can take this bill along with us because in my judgment we are not going to resolve this matter until we do.

I wish the Senator, if he has the veterans' amendment to offer, by all means would present it. I urged him to offer the same type amendment that he had in mind.

Mr. HARTKE. I did not ask to bring up the veterans' amendment tonight.

Mr. LONG. I urged him to.

Mr. HARTKE. I know the Senator did, but I do not want to. I do not want to put a veterans' amendment on a bill that is going to be vetoed. They have been treated in the most horrible way I know. The Senator said that it is a bill that is going to be vetoed.

Mr. LONG. I helped the Senator pass his measure before. I am willing to help him on anything he wants to put it on, whether it will be vetoed or not. I just hope the Senator will permit the Senate to vote on a measure that the Senate has already voted for, and a measure that I am sure the Senate would like to vote on and for.

We would like to include in our social security increase a one-line provision saying that the social security increase will not cause a veteran to have his veterans' pension reduced. I am sorry that the Senator opposes that, but at the same time my guess is that the Senate would agree to it and it would be sent to the President on any bill to which it is attached, whether the bill was threatened by veto or not.

Mr. HARTKE. I have no hidden motives. I am not in favor of continuing the bombing. I could not get the assurance of the minority leader tonight that they would stop bombing on August 15. The

mbodian amendment is in the debt iit bill. I am going to do everything I n to keep it there. I know what I am ing.

I know what the chairman of the com- ttee is trying to do. He is trying to ip it down so it would be out. If Sen- ors want to go home early tonight, ss the bill without this amendment. I ll vote for the renegotiation bill. I ve no other place to go now. I am not epy, not a bit sleepy; with a few cups coffee I will be ready to go.

Mr. BENNETT. Mr. President, will the nator yield?

Mr. HARTKE. I yield for a question.

Mr. BENNETT. Does the Senator alize the House rejected everything in ie renegotiation bill except the three ovisions they sent to us?

Mr. HARTKE. I understand that.

Mr. BENNETT. So the question of ambodia on renegotiation is moot. The ouse rejected it.

Mr. HARTKE. Let us have the truth. he Cambodian matter is in the debt mit bill, too.

Mr. BENNETT. The House rejected the ebt limit bill.

Mr. HARTKE. It is in conference to- morrow. I do not want a conference to- morrow. I want the debt limit to expire omorrow night. I want to stop the bomb- ng or stop the country. I make no bones bout the problem.

I understand how the Senator is try- ng to maneuver around it, and I do ot want to maneuver.

Mr. LONG. The Senator is going to ave to have some help. I have kept this enate in session as long as anybody in he Chamber tonight—3 days running n one occasion. The Senator would have he Senate in session for 10 days. He would be a better Senator than I if he an keep the Senate in session for 10 days. It will take help if the Senator want to wage that kind of filibuster. The Senator had better taken inventory as to where he is going to stand when these people do not get their paychecks, be- cause somebody is going to be held re- sponsible for the fact that the Govern- ment employees are not paid, and that Government contractors are not paid, and that the dollar declines in all the world markets because this Nation of- ficially declares itself bankrupt by an act of Congress and cannot pay its debts.

If those employees were not paid, ev- erybody involved would want to blame the other fellow. I have been trying to avoid that because it may be as it is when Congress fails to pass a bill. Some- times we can fault the President if he vetoes a bill and we can persuade the country it is his fault rather than ours. But one thing I know about those situa- tions where you get involved in politics and where the Nation is hurt, or the State is hurt, or the public is hurt, and where they have a right to expect something better from their elected representatives. One might think it is the other guy who is going to be hurt, but if you are in- volved in the matter it might be you, too. When you go out to kick the other fel- low you have to take your own body along with you and it may be the wrong body that is injured by the time you get home.

The Senator should carefully think about this matter if he is going to fili- buster, especially if it puts the country in a position where it could not pay its debts. That is something I may have felt like doing on occasion, but I always thought better of it. If the Senator wants to engage in that kind of conduct he can take that responsibility but I hope he will be willing to let us vote on this measure. We are not going to dispose of any con- ference report. All we are trying to do is pass a bill that has a June 30 expira- tion date, and we would like to put amendments on it which already have been agreed to by the Senate so that we have a better possibility of serving the national interest.

I hope the Senator would recognize the fact that all wisdom does not reside in one Senator and that maybe 99 Sena- tors have some intelligence to determine what is in the national interest.

I am sure that with the benefit of the wisdom that I am sure the Senator himself possesses, he will think that it will be for the good of the Nation's interest and will abide by the theory that the majority should rule. If he wants to be a one-man majority, he can go to it.

Mr. HARTKE. In the first place, on the debt limit itself, I am not responsi- ble for the debt limit being there. I put an amendment on the Debt Limit to eliminate the debt limit. It has no rela- tionship to reality. It is really a sine qua non in that it does not affect how much we spend or collect. It has always been an item which has been propaganda anyway, but since it is there, let us put the effects in perspective.

The Cambodian resolution is a part of the debt limit bill by virtue of the action of the Senator from Missouri (Mr. EAGLETON). There are a number of social security amendments on the Debt Limit bill, for one which I was responsible. The other was Senator RIBICOFF's amendment for a 5.6-percent increase in social securty benefits.

Senator RIBICOFF and I agreed that as far as the social security part of the increase was concerned, we would agree that there would be sufficient money to pay for them. That is not the cause of the veto part of the bill. The veto part of the bill is caused by a num- ber of amendments offered by the chair- man of the committee. I am for those amendments, but they do have a substan- tial impact on the budget. They are caus- ing the trouble. They are the ones the chairman proposes we adopt in toto to- night. They were brought to the con- ference committee.

The conference committee tonight, un- der the chairmanship of Representative MILLS of Arkansas, took the measure to the House of Representatives, where they were rejected. I am not saying why they were rejected, but it means that if we are going to proceed again, they are not to be in the coneference. That is the prob- lem we have today. That is the problem we have had consistently. They are agree- able, as outlined by the chairman of the Committee on Finance, but the social security amendments are going to be vetoed.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. LONG. Is the Senator aware of the fact that the President objects to the social security amendments as well as to the welfare amendments?

Mr. HARTKE. I accept that.

Mr. LONG. On a consolidated budget basis, there is more of an impact on his budget due to the social security amend- ments than from the welfare part of it. This has to do with the problem that some of us complained about, that the administration is using the surplus that is flowing into the trust fund to offset a deficit in the Federal funds budget. But there is no doubt about it, when we spend from the surplus flowing into the social security fund, as these amendment do, it will increase expenditures on a con- solidated budget basis.

Mr. RIBICOFF. Mr. President, I think a most regrettable situation is develop- ing on the floor of the Senate tonight. The Senator from Indiana, I am sure, realizes that the Finance Committee in- variably is on some side of every issue, many times in the minority. But the dis- tinguished chairman, in my opinion, has conducted not only the management of the debt limit ceiling, but also the con- ference that was held following the pas- sage of the bill. Frankly, it was the first conference I ever attended as a member of the Finance Committee. I have always had the highest respect for our chair- man, and never more than when this conference was completed. Chairman MILLS and the rest of the House con- ferees yield on about 90 percent of the issues.

Our distinguished chairman invoked the social security approach to raise benefits for some 30 million beneficiaries by 5.6 percent to take care of the increase in the cost of living. He backed us 100 percent on the floor of the Senate.

It also has to be understood that what the Senator from Indiana calls the wel- fare amendments are not really welfare amendments. There are provisions in the bill that take care of about 5 million Americans who are aged, blind, and in- firm. These are not AFDC cases.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. HARTKE. They are welfare cases, and are under the welfare budget.

Mr. RIBICOFF. They are under the aegis of the welfare cases, but are really SSC amendments, which was a brilliant concept of our chairman, to take the aged, blind, and infirm outside and from under welfare. Benefits will be raised generally across the country to try to take these 5 million aged, blind, and infirm out of poverty and out of welfare. The chairman of the Committee on Finance has tried to face up to the realities of the situation. I have the utmost faith and confidence in the chairman and that his objectives will be achieved.

The Senator from Indiana objects to the tax proposal, and he is absolutely correct, as chairman of the Committee on Veterans' Affairs. It is my understand- ing that our chairman intends that the social security approach take care of the

problem of veterans, so that veterans will not be denied their compensatory position when they receive social security benefits.

I am convinced, just as the chairman is, by a vote of 86 to 7 on the social security amendments by this body. When we are dealing with Americans who will receive the benefit of a 5.6-percent increase, we are dealing with 5 million aged, infirmed, and blind, and 35 million other Americans. The rollcall vote in this body would be very close to the 86-to-7 vote.

I am convinced if there is one measure that is veto-proof, it is the proposal that the Senator from Louisiana is trying to bring before this body now. If the President vetoes this proposal, I am sure that in the House and in the Senate he will not be able to muster one-third to be able to sustain his veto, because right and justice and 35 million Americans in need are at stake.

I would hope that the Senator from Indiana, who is such a constructive, able, and valuable member of the Committee on Finance, would go along with our chairman. He is a member of the conference. I am one of the conferees. The distinguished Senator from Georgia is one of the conferees. The Senator from Louisiana is the chairman of the Senate conferees.

The Senator from Indiana and I did not divide on Cambodia. We went along with the majority leader. The Senator from Indiana himself was consistent on Cambodia. We have had a series of votes on the Cambodian resolution. The Senator from Indiana and I were in the minority every time on the Eagleton proposal. We have lost time and again.

I do not think, under the circumstances, we should keep 35 million Americans in hostage to a proposal that has lost on a series of continuous votes within the last hours. I would think that the Senator would think of the 35 million Americans in need. If we do not solve this problem now, we will go home at the recess at a time when 35 million people cannot pay their rent or pay for the high cost of food. We will be the ones responsible for frustrating that desire.

So I plead with the Senator from Indiana not to frustrate the will of the U.S. Senate but to allow us to proceed to go to a rollcall vote on the proposal of the Senator from Louisiana. And I am convinced that we will be able to prevail in conference and also prevail in the Senate and House in the event the President of the United States vetoes the measure we will vote on tonight.

Cries of "Vote, vote, vote!"

Mr. HARTKE. Mr. President, I am in no hurry to vote. Let me say that I agree with the magnificent job done by the chairman of the Finance Committee. He is very capable, very quick, very understanding, and very agreeable in every respect. He has been extremely competent in handling the conference.

The chairman has pushed for a measure even when he did not approve of it. I think that the Senator from Connecticut correctly states it.

I was trying to get the facts straight so that the Senate understands where we are. The fact is that what we are proposing here tonight is not to go ahead and help 35 million Americans. We are proposing to put on a bill which is going to expire on June 30, a provision which is not very controversial. It is a provision which the President of the United States evidently told somebody that he was going to veto. He has not told me. We are proposing to pull the social security beneficiary out from under a bill in which the President of the United States would be under great pressure not to veto the rights of 35 million Americans and put it in a bill on which we are certain of a veto. We cannot forget about Cambodia. Cambodia is in here.

Mr. President, I am not going to be deprived of the opportunity to express my opinion. I do not think that should be done. That is not why he will veto the bill. He is going to veto the debt limit bill because he is against 35 million Americans.

Let me say about the blind, the disabled, and the aged that I have been willing to take them out of the category of being welfare recipients. However, the fact is that they are part of the welfare rolls. And the blind, the disabled, and the aged are part of the welfare rolls. The distinguished Senator from Connecticut knows that we agreed to recede from the January 31 effective date for an increase and accept an April 1 date so that there would have to be only two payments made out of the social security fund before June 30, 1974. Now, that in and of itself was quite a concession of the budgeteers. They are willing to go ahead and deny the rights of 35 million Americans to have their money. They will then have the money to pay for the bombing.

If we go along with the Cambodian resolution, we are faced with a situation where the chairman of the Finance Committee comes to me and asks for an amendment on the social security provisions which was opposed at a time when it could have been adopted last year.

The PRESIDING OFFICER (Mr. WILLIAMS). Question.

Mr. HARTKE. Mr. President, does the Senator from Indiana not have the floor? I do not intend to vote on this at an early hour. This is a motion to take up the renegotiation bill. I have voted to take up this bill at this time with the understanding that the social security amendments will be added to it. Then I would be willing to permit the Senate to go ahead and do that. Otherwise, we will take this up tomorrow. We are going to be here tomorrow anyway. It will not take too long to pass this measure. We can stay this late tomorrow night, if we wish to. We can have a conference report.

We are just going to agree to go on vacation. We can come back. I think the original schedule was that we would be here through Tuesday of next week. And it was only the majority leader who said that we would.

I am for these veterans having these payments. I am for these aged to have their payments. But this is not the way to do business. We should not put this in a bill which will be vetoed. There are two provisions in the bill which are certainly less desirable for the Senate. O is the so-called check-off, and the disti guished Senator from Minnesota (M HUMPHREY) and the distinguished Sen tor from Louisiana (Mr. LONG) offer the check-off bill. That vote was mu closer. The other provision deals wi the unemployment compensation whi deals with about five States in the Unio It will provide for an extension of bo of those measures. If the Senate wants move them off, why does it not mo those two amendments to this bill? W could have a situation where maybe pa of the cost of the estimated unemploy ment benefits, which would affect th budget by some $300 million to $400 mi lion, would also be affected. The fact i that a 5.6 percent increase and the in crease in the earnings limitation are bot going to be funded out of increases i the amount of base wages which is goin to be increased in order to withdra these payments so that the trust fund i not invaded.

There is no question that we have beer overcharging the trust fund for quit some time. The trust fund in and of itself will continue, as the Senator from Connecticut well knows, to accumulate an additional surplus as we move on. The trust fund at the present time is paying for other expenses of the Government, and it has been doing so for quite some time.

The fact of the matter is that the estimates given by the actuarians on the increase that is going to be given to the social security beneficiaries on the 5.6-percent increase would require no increase even in the base wage except for the fact that the trust would be denied of having accumulated the excess to the funds. In other words, what we have here is a trust fund which is being utilized for the accumulation of interest to pay the expenses of the Goverment while at the same time the trust fund is not being used to pay the beneficiaries or those people who contributed to the social security fund.

This has continued for quite some time, and the Social Security Board of Supervisors who originally talked about this wanted to reduce the amount to 75 percent or make it on a current basis.

There is being added to the surplus roughly 89 percent of the necessary needs for 1 year. We are collecting money over and above what we need to pay the social security beneficiaries, so that people who complain in their younger years about paying the excess to the social security fund have a right to complain, because they are paying into the social security fund more money than it is necessary to pay out.

That is one of the reasons why Congressman BURKE is advocating that we charge one-third to the employee, one-third to the employer, and one-third to the general fund.

We all know that they have been paying the costs on the social security fund for quite some time. It is unfortunate, but this is true. And on the floor of the Senate and in the House they say they will increase the social security benefits. They ought to increase the tax to pay

the benefits. However, that has not ays been true. It has been true that quently we have underestimated the enue and we have underestimated it in this year when we had an increase he fiscal year 1973 of about $400 mil- in excess of that which is estimated he actuarians.

ow I come back to the earnings itation. This in and of itself is a mat- which has been discussed for quite he time.

Ve did agree in conference to reduce amount of the earnings limitation m the amount voted by the Senate of 00 down to $2,400. This means that erson on Social Security could earn 0 a month before he has to pay any ney back from his social security pay- nts.

Many individuals would like to go ead and work. They like to have re- ect and dignity and be able to work. wever, they are unable to do so, be- use on the one hand if they go to work, ey find themselves working for noth- g. And on the other hand, they find emselves in a position where they ant to use their time effectively and ey are in good health. But they find at they are being deprived of earnings.

The Senator from Connecticut has fre- ently stated that this is very difficult explain to social security beneficiaries ho feel that they have paid into the so- al security fund and they should have a ght to expect that the Government ould pay them their benefits at the time ey reach their retirement age of 65.

The original concept of social security that time and the reason that there as the earnings limitation was to force eople to go into retirement and thereby educe the work force. It was done in the irties when we had a high unemploy- ent rate. For those who advocate the ork ethic today, of course, that theory o longer applies. The situation today is at many people, due to improvements health, at the age of 65 feel they are apable not only of doing manual labor, ut also a lot of other work while they re going along.

I quite agree with that, and I indicated n the floor of the Senate that if I had ad my way I would have provided for ncreased retirement benefits which ould be unlimited. But knowing full ell that such a measure could not pass n the Senate floor, we asked for an in- rease from $2,100 to $3,000, and that was assed unanimously by voice vote on the loor of the Senate.

As to the amount of the costs of that, t is estimated that the benefits that we re going to give to these individuals would be given to a limited number of people by virtue of the fact that as you increase the earnings limitation, you de- crease the number of people who ulti- mately will participate. I think the Sen- ator from Connecticut is quite right, that one of the things we ought to do is direct ourselves first to the task of providing for an increase in social security pay- ments to meet the cost of living across a broad spectrum. That is why I was very much in favor of the 5.6-percent increase in social security.

Mr. SPARKMAN. Mr. President, will the Senator yield so that I may ask that the Chair lay before the Senate a message from the House of Representatives on S. 1636?

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. HARTKE. I yield, without losing my right to the floor.

* * * * *

RENEGOTIATION AMENDMENTS OF 1973

The Senate continued with the consideration of the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the act for 2 years.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a unanimous-consent request, without relinquishing his right to the floor?

Mr. HARTKE. Yes. I will be glad to yield to the distinguished assistant majority leader for that purpose.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, will the Senator yield for a question?

Mr. HARTKE. I yield for a question.

Mr. DOLE. Do I have time to go to my office?

Mr. HARTKE. I beg your pardon?

Mr. DOLE. Will the Senator be discussing this matter long enough for me to have time to go to my office and return?

Mr. HARTKE. I think the Senator has plenty of time.

Mr. DOLE. My Kansas office?

Mr. HARTKE. If the Senator feels a compulsion to return to Kansas, that is all right with me.

Mr. PASTORE. Mr. President, will the Senator yield for a question? I mean this seriously.

Mr. HARTKE. I am glad to yield for a question.

Mr. PASTORE. The Senator seems to be discussing the merits of these amend-

ments, and I do not think there is any question about the merits. What is the strategy that he wants us to accomplish?

Mr. HARTKE. I will be glad to explain it to the Senator from Rhode Island. No. 1, the chairman of the Finance Committee wants to bring up the renegotiation bill, which expires June 30.

Mr. PASTORE. I heard him. I would like to hear from you.

Mr. HARTKE. Yes; if the Senator will permit me, I will explain what I want to do.

I am in favor of the renegotiation bill being extended if we can have an agreement not to attach the social security amendments which he proposes to attach to that bill tonight. If they are not to be attached to that bill, we can proceed with that legislation.

Mr. PASTORE. Where would they be attached? I understand they were repudiated by the House of Representatives.

Mr. HARTKE. They were what?

Mr. PASTORE. The conference report was repudiated by the House, was it not?

Mr. HARTKE. If the Senator from Rhode Island is aware of why the House repudiated the conference report, I wish he would tell me.

Mr. PASTORE. I do not know.

Mr. HARTKE. I do not know, either. I have my ideas, but I do know that the chairman of the Ways and Means Committee is not in any hurry, either, and neither he nor I are in a hurry, if you want to know the truth.

Mr. PASTORE. I do not care who is in a hurry. I wonder exactly what the Senator is campaigning for here tonight. What does the Senator from Indiana want us to do?

Mr. HARTKE. I want to proceed with the business in an orderly fashion.

Mr. PASTORE. Well, what is that?

Mr. HARTKE. To go ahead with the renegotiation bill on its merits, with the understanding that there will not be this attempt to do an end run to get around and put the social security amendments for 35 million Americans on a bill which is certain to be vetoed. That is what the chairman of the Finance Committee is asking us to do, to take these amendments and put them on a bill he himself has told us the President will veto. Is that not a nice set of dishes?

Mr. PASTORE. The Senator's argument is that if it goes on the debt limit bill, it will not be vetoed?

Mr. HARTKE. I will guarantee the Senator that then the burden is on the President to go ahead and answer the 35 million people, is on him but not on us; but we know in advance tonight that if we put these amendments on this bill, we are asking for a veto, according to the word of the chairman of the Finance Committee that it will be vetoed, and then we take our chances on overriding that veto.

I say if we want to make sure that the President provides for those 35 million Americans the benefits of social security which we provided in the Senate, let us put it on a bill which puts the burden on him instead of on us.

Mr. PASTORE. But no matter who assumes the burden, as I understand the argument made by the Senator from Louisiana, the President has already indicated that he will veto these bills in any event, and his idea is that it would be easier to override the veto if we put them on the renegotiation bill rather than the debt limit bill, because there are so many people who are against raising the debt limit anyway, and for that reason they would vote to sustain the President's veto, whereas if we had a clear chance with the renegotiation bill, the meat of the nut would actually be these amendments we are talking about, and they would be more amicable toward overriding the President's veto.

Mr. GRIFFIN. Mr. President, will the Senator yield for a further observation?

Mr. HARTKE. I understand what the Senataor from Rhode Island says. I suppose if you really believe you want to get these beneficiaries of social security and the aged, blind, and disabled the money we voted on the Senate floor, the b chance of doing it is to keep it on debt limit bill.

Mr. PASTORE. That is the Senat idea. The Senator from Louisiana agrees with that, and that is the quest we have to decide.

Mr. HARTKE. If you want to c tinue this tomorrow morning, it is right with me.

Mr. PASTORE. What time tomorr morning, 8:30?

Mr. HARTKE. I did not say we wo vote tomorrow morning. I said take t measure up tomorrow that is what meant to say.

Mr. PASTORE. I think it is rather u fair, at 11 o'clock at night, to insist, either get my way or nothing is going happen." I think the Senator ought have an opportunity to argue his poi and I think the Senator has argued h point. He is now arguing about t merits, and there is no question abo the merits. The Senator ought to unde stand that it is 11 o'clock at night; l us see what the will of the Senate migh be.

Mr. HARTKE. I would be glad, M President, to adjourn and go home no I will be glad to yield for that purpose, I do not lose my right to the floor.

Mr. GRIFFIN. Mr. President, will m friend indicate how much longer he in tends to talk, if he talks longer tonight

Mr. HARTKE. As long as I can hol out.

Mr. ROBERT C. BYRD. Will the Sen ator yield to me to make a motion to ad journ?

Mr. HARTKE. I yield for that purpos

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Senate

EXTENSION OF RENEGOTIATION ACT

The ACTING PRESIDENT pro tempore. The Senator from Louisiana (Mr. LONG) is recognized.

Mr. LONG. Mr. President, I move that the Senate proceed to the consideration of H.R. 7445.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The legislative clerk read as follows:

H.R. 7445, to amend the Renegotiation Act of 1951 to extend the act for 2 years.

Mr. HARTKE. Mr. President——

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Louisiana to consider H.R. 7445. That motion is not debatable.

The motion was agreed to, and the Senate proceeded to consider the bill.

The Senator from Indiana (Mr. HARTKE) is recognized.

Mr. HARTKE. Mr. President, my understanding is that we intend to proceed today in the fashion in which we proceeded yesterday which, very simply, is to go ahead and capitulate to the President 2 days in a row at a time when capitulation is not the desire of the country, at a time when the country is interested in seeing that Congress attempts to reassert its constitutional prerogatives and its historical and traditional right of balance of powers.

I had a discussion with the majority leader last night. We did adjourn after some discussion. I suppose that if I followed my own rationale, I would proceed to go ahead and do what I did last night. I suppose I would go ahead and try to bring to the attention of the Nation that what we are doing here is certainly not in the best interests of Congress and not in the best interests of our country.

I am not a person who is unwilling to compromise, but the proposal of the Senator from Louisiana, chairman of the Committee on Finance, seeks to bring forward the social security amendments and attach them to the renegotiation bill.

Our compromise, compared with the amendment of the Senator from Indiana, calls for a limitation of $3,000 for a social security recipient. The fact of the matter is that that in and of itself is a contribution over the amount which I have indicated I would prefer, and with no retirement earning ceiling whatsoever for social security beneficiaries.

I am not sure what is going to happen ultimately, and I suppose no one else is. But I am certain that at this time it is going to be rather difficult for one person to stand all day and keep the Senate in session. I do know that the majority leader has taken a stand which I think is outstanding in the field of opposing the killing of people in Southeast Asia. I admire him for it and congratulate him for it. Yet he has told me this morning that it appears that the will of the majority of the House of Representatives and the will of the majority of the Senate is otherwise.

I am not too sure that it is the will of the majority of both Houses. But that is for each individual Member to decide on his own.

So I am going to take a little time. Then the Senator from Louisiana can be prepared to move forward, with his usual dispatch, and accomplish his end result—to go home for the Fourth of July, to a happy weekend.

Mr. President, I think all of us have seen accounts and pictures of the devastation which has been done by our bombing in Southeast Asia. I recall seeing a figure of something like 3,000 lives lost each week.

Last night I heard the distinguished and valued Senator, my good friend from Rhode Island (Mr. PASTORE), speak of "compassion." My good friend from Rhode Island was asking me to remember, with compassion, the lateness of the hour, and the health and comfort of my colleagues in this Chamber.

Another valued associate on the other side of the aisle used the word "suffering" in speaking of the length of the hour and the tasks before us.

And, of course, the Senator from Connecticut, my esteemed and compassionate colleague, Senator RIBICOFF, quite rightly reminded us all of the plight of the "poor, the blind, and the infirm."

In all sincerity, gentlemen, I offer you: compassion, an attention to suffering, and a kind heart toward the poor, the halt, and the infirm. In 6 weeks, at 3,000 lives a week, I offer Senators an opportunity to literally rescue, literally save, the lives of some 20,000 human beings.

Some have rightly remarked that they are held hostage in this conflict over the executive and the legislative power. In any case, their right to survive rests with us in this Chamber. I rather think that they live as our Republic once did, in a world of international disorder, in a world without the rule of law, and hence are held subject to a foreign power—ruled, if you please, at the whim of this body and ruled without representation.

What right do we have to take their lives? One might say it is not we but the President who is responsible for their lives. I say that what we permit and could stop, we are responsible for.

The Senator from Rhode Island asked last night "exactly what" did I propose. I propose that we put it to the President of the United States that there can be no accommodation. Compromise is a wonderful and a powerful weapon for good in a free land, as my esteemed fellow Democrat, the Senator from Minnesota (Mr. HUMPHREY), said so eloquently yesterday. Compromise proceeds, though, from a right to give away what one has. We do not have the lives of the Cambodians to give. There can be no capitulation on that.

It is ironic that we moved to compromise last night at the very moment that the President sensed that we in Congress meant business. Why did a President who has shown virtual contempt for this body move with such alacrity?

There is no "victory" for GEORGE MCGOVERN or Wayne Morse or FRANK CHURCH or Eugene McCarthy, and no satisfaction for me and all the rest of us who opposed the war in Southeast Asia since 1963. I say there is no "victory" at all in 6 weeks or more of bombing and the loss of thousands of lives. How can we use that word "victory" when we have suffered so much in the misuse of it?

I say to the Members of this body that I am sorry for whatever discomfort and inconvenience I caused last night, and I sincerely mean that. All through the many flattering comments last night to the distinguished chairmen of the committees and to the leadership, I thought to myself how valued each of these individuals is as my friend and as a working partner. But, my true friends, each of us has a duty to perform. It is not our duty to be here, nor my duty to be here, to save my comfort and convenience or the comfort and convenience of other Senators. If no one else will use the good instruments of this wonderful American system, I thought last night, I would try.

You who decry the President's encroachments upon the rights of this body; would you, as you seemed to last night, begrudge me my right in this Chamber from your encroachment?

The right to talk is the heritage of this institution. I know that every Member of this body will agree with that. If I declare that I speak for those who cannot speak but who will die with the vote in this body, I think it is fair that Senators bear with me.

I dare hope that you join me in asserting the prerogatives that have been too long supine in this Chamber. If not, I can return to the intricacies of social security, as I did last night; to the ramifications of the shutdown of our eastern railway system; and perhaps I might quote at length from the English and Greek theater.

Dostoevski, in "Brothers Karamazov," wrote:

> Would you, by killing one small baby, bring justice to the whole world if you could?

The answer was, "No."

So, too, I think the American people will not accept their paychecks, th benefits, their Government payouts the price of 18,000 helpless souls Southeast Asia. I had hoped that would have given the millions of fellow Americans time to address t issue, and if we had, the President wo have seen an uprising.

I did not suppose, as I was accu last night, that I placed myself and insight against that of the collective sight of this august body or of any dividual in this body. But I do rem Senators that I have served here decade and a half—less than so longer than many—and I intend to ercise the rights of the office I am pr ileged to hold, to exercise them not any gain to me but for a purpose which those rights were granted by Constitution.

There will be many cries of outrag Think of the assaults on the collecti wisdom of the body. Think of the Go ernment employees who will not be pai Think of the veterans uncared for. I re mind all the people in this body, whe they take their next paycheck, to loo at the spots of blood they have helpe put on it. Each and every American wi now have to look at that blood.

Before we wax too rhetorical in a this, what are the facts? If we do busi ness as usual until July 11, nothing muc will happen. After all, most Federal em ployees are going to be enjoying a holi day between now and then, anyway— an extended Fourth of July holiday. I it could actually be shown that I a threatening a shutdown of the Govern ment, to put it in the extreme: that w cannot eat and we cannot bomb, I say let the President make that choice. W eat, or he bombs. There really is onl one choice he has under such circum stances, and that is not the bombing o thousands of individual human being far removed from our shores.

For one small moment of very tem porary discomfort on the part of th many, and the discomfort of those i this body, we may save the very lives o the few who have no vote of their own That seems to me to be, rather, un American. It is for others now to decide What this Chamber does and continue to do today is to insist on bombing. do not know of a way to stop it. I re mind the Senators that when I asked th minority leader last night whether th President had agreed to stop the bomb ing on August 15—the question was aske three times—it was never answered i the affirmative.

So I say to my distinguished chairman my beloved friend, the Senator from Louisiana, we can proceed and we wil do the best we can.

EXTENSION OF RENEGOTIATION ACT

The Senate continued with the consideration of H.R. 7445, to amend the Renegotiation Act of 1951 to extend the act for 2 years.

Mr. LONG. Mr. President, in absence of legislation, the Renegotiation Act of 1951 would expire at the end of this week—June 30, 1973. The bill before us today, H.R. 7445, extends the Renegotiation Act for an additional 2 years, or until June 30, 1975. The Finance Committee agreed with the House to extend the act at this time without any other amendment.

Let me give a brief summary of the renegotiation process before discussing the need for a continuation of the Renegotiation Act, as well as reviewing the committee's decision not to amend the act at this time.

Mr. President, the renegotiation process is designed to eliminate excessive profits from Government contracts and subcontracts in national defense and space-related programs. The Renegotiation Board is empowered to require the repayment to the Government of profits on renegotiable contracts and subcontracts that are found to be excessive in a given year in accordance with a series of statutory factors. Government contractors and subcontractors with total renegotiable sales in excess of the $1 million statutory minimum for a fiscal year must file a report with the Board. "Renegotiable" sales are those with the following Government departments or agencies: The Departments of Defense, Army, Navy, and Air Force, the Maritime Administration, the Federal Maritime Board, the General Services Administration, the National Aeronautics and Space Administration, Federal Aviation Administration, and the Atomic Energy Commission.

Various types of contracts and subcontracts are exempt from renegotiation, some on a mandatory basis such as those for standard commercial articles and those with State and local governments. In other cases, the Board has discretion to exempt certain contracts and subcontracts such as those outside the United States and where profits can be determined with reasonable certainty when the contract price is established.

Mr. President, the Finance Committee had three general reasons for extending the Renegotiation Act again.

First, the complex nature of modern military and space-related procurement often means that there is a lack of established market costs or prices. As a result, the bulk of procurement in these cases is provided by negotiated contracts—in other words, contracts that are not formally advertised. Renegotiation has been considered desirable in these cases because we cannot be sure when the price is set whether or not these negotiated prices will lead to excessive profits.

Second, defense-related procurement is expected to remain high relative to pre-Vietnam levels for some time. For example, military procurement rose from $28 billion in fiscal 1965 to a peak of $44.9 billion in fiscal 1967, before dropping slightly in 1968 and 1969, and declining again in 1970 and 1971 to a recent low of $34.5 billion in fiscal 1971. In fiscal 1972, however, military procurement increased once again—to $38.3 billion.

Third, there is the usual timelag between the time a contract is awarded and the time renegotiation filings are made with the Renegotiation Board and screened for possible excessive profits. This means that military contracts awarded in recent years attributable to the Southeast Asia conflict will continue to be reported to, and reviewed by, the Renegotiation Board during the next 2 years.

Mr. President, the Finance Committee agreed with the House that in view of the continued level of our defense-related effort and the nature of much of the military and space-related procurement, the Renegotiation Act should be extended again. Partly because the nature of the renegotiation process is such that it relies heavily on judgmental factors in its determination, the committee concluded that the act should only be extended for a 2-year period at this time—to June 30, 1975.

The Finance Committee agrees with the House that there is a need for a study to be conducted on the aspects of the renegotiation process and the operations of the Renegotiation Board before any further substantive amendments are considered by the Congress. The Finance Committee expects this 2-year extension of the Renegotiation Act to be used for an overall review of the renegotiation process.

Although several congressionally sponsored reports have recently been made containing recommendations with respect to the operations of the Renegotiation Board, there is not sufficient time for the committee to review and analyze these recommendations prior to the June 30 expiration date of the act. Therefore, the Finance Committee joins with the House in asking the staffs of the Joint Comimttee on Internal Revenue Taxation and the Renegotiation Board to conduct a study of the renegotiation process and report to the Congress in time for congressional review prior to the expiration date of the act as extended by H.R. 7445—June 30, 1975.

Finally, Mr. President, it is expected that within the next 2 years the backlog of cases resulting from the military procurement buildings for the Southeast Asia conflict will be largely eliminated. As a result, at the end of the 2 years, the Board and Congress will be in a better position to determine the character and extent of the future need and role for renegotiation.

I urge that the bill be approved.

Mr. President, on behalf of myself and the Senator from Connecticut (Mr. RIBICOFF), I send an amendment to the desk.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The amendment reads as follows:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after March 1974 and prior to January 1975, and, in the case of lump-sum death payments, under such title, only with respect to deaths which occur after March 1974 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based in the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after March 1974) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

(e) Notwithstanding any other provision

of law, no increase in monthly benefits authorized under this section shall be taken into account for any benefits payable under title 38, United States Code.

SEC. 202. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$200".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

SEC. 203. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Section 211(b)(1)(II) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out $$12,000" and inserting in lieu thereof "$12,600".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(b)(1) Section 1402(h)(1)(II) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$12,600".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsection (a), (b), and (c) and inserting in lieu thereof "$12,600".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,000" each place it appears and inserting in lieu thereof "$12,600".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) Effective April 1, 1974, the Secretary of Health, Education, and Welfare shall prescribe and publish in the Federal Register such modifications and extensions in the table contained in section 215(a) of the Social Security Act (which shall be determined in the same manner as the revisions in such table provided for under section 215(1)(2)(D) of such Act) as may be necessary to reflect the amendments made by this section; and such modified and extended table shall be deemed to be the table appearing in such section 215(a).

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTARY SECURITY INCOME BENEFITS FOR ESSENTIAL PERSON

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplemental security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 a person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, as its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A); except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(1)(A), (2), or (3), 1611(f), or 1615(c) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including

part of such amount which is attributable to meeting the needs of any other son whose presence in such individual's ne is essential to such individual's well-ng) for the month of December 1973 under plan (approved under title I, X, XIV, or I, of the Social Security Act) of the State ering into an agreement under this subtion, if the terms and conditions of such n (relating to eligibility for and amount such aid or assistance payable thereunder) re, for the month of December 1973, the ne as those in effect, under such plan, for e month of June 1973, and

(ii) the amount of the income of such ividual (other than the aid or assistance scribed in clause (i)) received by such dividual in December 1973, minus any such come which did not result, but which if operly reported would have resulted in a duction in the amount of such aid or sistance.

(C) For purposes of subparagraph (A), the mount of an individual's "title XVI benefit us other income" for any month means an mount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income benefit payment to hich such individual is entirled for such onth under title XVI of the Social Security ct, and

(ii) the amount of any income of such dividual for such month (other than income in the form of a benefit described in ause (i)).

(D) If the amount determined under subaragraph (B)(i) includes, in the case of ny individual, an amount which was payble to such individual solely because of—

(i) a special need of such individual (incuding any special allowance for housing, r the rental value of housing furnished in ind to such individual in lieu of a rental llowance) which existed in December 1973, or

(ii) any special circumstance (such as he recognition of the needs of a person whose resence in such individual's home, in December 1973, was essential to such individual's well-being),

nd, if for any month after December 1973 here is a change with respect to such speial need or circumstance which, if such hange had existed in December 1973, the mount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, hen, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the name of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement enterd into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference, as among applicants whose qualifications are reasonably equal (subject to any preferences conferred by law or regulation on individuals who have been Federal employees and have been displaced from such employment), to applicants for employment who are or were employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act and are or were involuntarily displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—SOCIAL SERVICES

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 220. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitation on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may

become effective upon the date of its publication in the Federal Register.

SEC. 221. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

PART D—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 230. In the case of any State plan (approved under title XIX of the Social Security Act) which for December 1973 provided medical assistance to persons described in section 1905(a)(vi) of such Act, there is hereby imposed the requirement (and such State plan shall be deemed to require) that medical assistance under such plan be provided to each such person (who for December 1973 was eligible for medical assistance under such plan) for each month (after December 1973) that—

(1) the individual (referred to in the last sentence of section 1905(a) of such Act) with whom such person is living continues to meet the criteria (as in effect for December 1973) for aid or assistance under a State plan (referred to in such sentence), and

(2) such person continues to have the relationship with such individual described in such sentence and meets the other criteria (referred to in such sentence) with respect to a State plan (so referred to) as such plan was in effect for December 1973.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligibe for such assistance under this section.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 231. For purposes of secton 1902(a)(10) of the Social Security Act, any individual who, for all (or any part of) the month of December 1973—

(1) was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2)(A) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or VI of such Act, or

(B) was, on the basis of his need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility for medical assistance under a State plan approved under title XIX of such Act (whether or not such individual actually received aid or assistance under a State plan referred to in subparagraph (A).

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973). Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 233. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 234. (a) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART E—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 240. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a) (1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, wh shall be in addition to and available for same purposes as the allotments of s State (as determined under sections and 504), equal to the excess (if any)

"(A) the amount of the allotment of s State (as determined under sections 503 504) for the fiscal year ending June 30, 1 plus the amounts of any grants to s States under sections 508, 509, and 510,

"(B) the amount of he allotment of s State (as determined under sections 503 504) for such fiscal year which commer after June 30, 1973.

"(2) No State shall receive an allotm under this section for any fiscal year, un such State (in the administration of its S plan, approved under section 505) has in fect arrangements which the Secretary fi will provide for the continuation of app priate services to population groups pr ously receiving services from funds m available (for the fiscal year ending June 1974) to such State pursuant to sections 5 509, and 510.

"(b)(1)(A) There are (subject to subpa graph (B)) hereby authorized to be app priated for each fiscal year (commenci with the fiscal year ending June 30, 19 such amounts as may be necessary to ena the Secretary to make the allotments a thorized under subsection (a).

"(B) Nothing contained in subparagra (A) shall be construed to authorize, for a fiscal year, the appropriation under this su section of any amount which is in excess the amount by which—

"(i) the amount authorized to be appr priated under section 501 for such year e ceeds

"(ii) the total amounts appropriated pu suant to section 501 for such year.

"(2) If, for any fiscal years, the tot amount appropriated pursuant to paragra (1) is less than the total amount allotted all States under subsection (a), then t amount of the allotment of each State determined under subsection (a)) shall reduced to an amount which bears the sa ratio to the total amount appropriated pu suant to paragraph (1) for such fiscal ye as the amount of the allotment of such Sta (as determined under subsection (a)) bea to the total amount allotted to all Stat under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for t fiscal year ending June 30, 1974, the su of—

(A) the amount of the allotment whi such State would have received under se tion 503 of the Social Security Act for su year (if subsection (a) of this section h not been enacted), plus

(B) the amount of the allotment whi such State would have received under se tion 504 of such Act for such year (if su section (a) of this section had not been en acted),

is in excess of the sum of—

(C) the aggregate of the allotments whi such State received (for the fiscal year end ing June 30, 1973) under such sections 5 and 504, plus

(D) the aggregate of the grants receive (for the fiscal year ending June 30, 1973 under sections 508, 509, and 510 of such Ac then, for the fiscal year ending June 30, 197 there shall be added to the allotments such State, under sections 503 and 504 such Act, in such proportion to each suc allotment as the State shall specify, a amount equal to such excess.

(2)(A) There are (subject to sub-para graph (B)) hereby authorized to be appro priated, for the fiscal year ending June 3 1974, such amounts as may be necessary t make the increase in allotments provided fo in paragraph (1).

(B) Nothing contained in subparagrap (A) shall be construed to authorize, for th

:al year ending June 30, 1974, the appro-
iation under this paragraph of any amount
ich is in excess of the amount by
ich—
(1) the amount authorized to be appro-
iated under section 501 of such year, ex-
eds
(ii) the total amounts appropriated pur-
ant to section 501 for such year.
(3) If, for the fiscal year ending June 30,
74, the amount appropriated pursuant to
e preceding provisions of this subsection
less than the total of the amounts author-
ed to be added to the allotments of States
s determined under paragraph (1)), then
ie amount to be added to the allotment of
ich State shall be reduced to an amount
hich bears the same ratio to the amount
) appropriated for such year as the amount
) be added to the allotment of such State
as determined under paragraph (1)) bears
) the total of the amounts to be added
) the allotments of all States (as deter-
lined under paragraph (1)).

ART F—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 250. (a) Section 202(d)(8)(D)(ii) of he Social Security Act is amended by strik-ng out "and" at the end thereof and insert-ng in lieu thereof "or (III) if he is an indi-idual referred to in either subparagraph A) or subparagraph (B) and the child is he grandchild of such individual or his or ier spouse, for the year immediately before he month in which such child files his or her pplication for child's insurance benefits, nd".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

Mr. LONG. Mr. President, what I am proposing is what the conferees of the House and the Seante agreed to on H.R. 8410 in the areas of social security, supplemental security income, medicaid, social services, and maternal and child health. There is only one new provision, the lack of which played a major part in the House declining to agree to the conference action. This relates to protecting veterans from a pension loss.

I am cosponsoring this amendment with Senator RIBICOFF, whose initiative in this area deserves the highest praise. He was a strong supporter of these provisions in the conference and his help was a crucial factor in securing the acceptance by the House conferees of so many of the Senate provisions.

It would provide that veterans would not lose their pension rights or have their pensions reduced by virtue of the increase proposed by the Senate in the social security amendments to which it is attached. This is an oversight that we sought to correct down through the years. It is something that should be ironed out. I hope very much it can be resolved and the problem not created in the first place by adding this to the Senate bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. ROBERT C. BYRD and Mr. HARTKE addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I wish to ask the distinguished manager of the bill a question. Does his amendment include my amendment which he earlier accepted to the debt limit bill providing that a child whose parents are dead or disabled—and the child, having been adopted by its grandparents—would receive benefits?

Mr. LONG. It includes a modified version of the Senator's amendment. I have discussed this with the Senators. He is aware of the fact that one of the difficulties in achieving everything that was in the Byrd amendment was that in this area there had been some abuse in years gone by of which the House was very much aware.

The House is very much willing to accept the concept proposed by the Senator insofar as it applies to grandparents adopting the grandchildren and at the same time the House was careful to insist that this amendment would not open up the adoption area to abuse, as had been uncovered in years gone by.

I think what is agreed to is good insofar as it goes, and it protects us from the abuse some fear.

Mr. ROBERT C. BYRD. I can understand the reasoning back of the modifications made by the conference. I thank the distinguished manager of the bill for the support he gave this amendment in conference, but I wanted to be assured that the amendment is now included.

Mr. LONG. Yes.

Mr. HARTKE. Mr. President, may I have the attention of the chairman?

The ACTING PRESIDENT pro tempore. The Senator may proceed.

Mr. HARTKE. Mr. President, the social security amendments that are in here and the provision concerning the laws for disabled veterans deals only with the provisions of the adopted amendment. Is that correct?

Mr. LONG. Yes.

Mr. HARTKE. And they are not retroactive as far as they are concerned.

Mr. LONG. No, they solve the problem created by our amendment to H.R. 8410. We are not trying to solve with this amendment problems that existed prior to that. I believe the Senator reported a bill from the Veterans Committee in that area. I, along with other Senators, voted for it. I understand the difficulty on the House side in bringing agreement in that area. I am not an expert on that. The Senator knows better than I.

Mr. HARTKE. The situation is that it will be subject to a point of order on the House side if it is in the bill. I am 100 percent in favor of veterans receiving their full benefits and not to have them reduced as a result of an increase in social security benefits.

The way it works, veterans benefits are based on total income and needs, and according to the disability of the individual, or whatever occasioned his pension. Therefore, any increase in income results in a corresponding reduction in the pension. What you have, in effect, without the amendment being provided is a nonveteran preference; that is, a nonveteran can receive an increase in social security. I want to have a veteran receive all those benefits and when he receives an increase in social security not to end with the same amount of money and no benefit to him personally.

Mr. LONG. My understanding is that the veteran does not have his benefits reduced on a dollar for dollar basis. Nevertheless, the problem exists that there is some reduction in a veteran's pension benefits when a veteran receives an increase in his social security check. I would like to see the problem solved. I have joined with the Senator many times in trying to solve the problem.

Mr. HARTKE. Yes.

Mr. LONG. Sometimes I have tried to prevail on the Senator to solve it through the Veterans' Committee and at other times through bills from the Committee on Finance. I frankly wish this one problem were in the jurisdiction of one committee so that it could be more easily dealt with than it is now.

But I can understand the fact that the issue of committee jurisdiction in the House exists to a much greater degree than in the Senate. We do not have any difficulty in the Senate trying to resolve this question. Our friends in the House have had much difficulty in reaching across committee lines to solve the problem.

Mr. HARTKE. I would like to ask the chairman a question and maybe he can ask the staff member to give him the costs involved in the veterans amendment to the social security provisions.

Mr. LONG. We are trying to avoid a cut in payments from what would take effect, because of an increase in social security benefits, and we estimate that the cut in veterans' benefits might be in the magnitude of perhaps $50 million. But that is just a guess; it may be less than $50 million.

Mr. HARTKE. I think that the Senator probably is correct. The amount is probably a little more than $50 million, but not substantially. The fact remains that this adds, again, to the budget deficit, which is the occasion why the Senator gave on the floor as the reason the shift was made from the debt limit bill to the renegotiation bill. This adds again to the budgetary problems of the Treasury.

Just to go back a little so everyone will understand, at least so the RECORD is clear, what is proposed here is to put into one amendment all those social security amendments and all those welfare amendments which were previously adopted by the Senate, and as agreed to in the conference report with the conferees of the House. Is that correct?

Mr. LONG. Yes. May I say to the Senator that I propose to put these amendments in a package which I think has as favorable chance as any to override a veto, if it occurs, and I think it is likely to happen no matter what bill these amendments are on when it goes to the White House. If a veto occurs and it cannot be overridden on this measure, it is my intention to continue acting on these items until we do prevail and enact them. But I do not think that we are going to have to try more times than

once. I think we can override a veto on this one.

I was dismayed to hear the less optimistic views of the Senator from Indiana, but I am a great deal more optimistic than that. I believe we can override a veto on this package. That is why I want the opportunity to lay it before the President and, assuming a veto—and I assume he will veto it—I would like the opportunity to stand here and ask the Senate to override. I think the Senate will. If the Senate does not, I propose to take the next bill that comes by and offer these matters item by item until every item in this measure becomes law. I doubt that that will become necessary.

I think the Senate has the capability of prevailing where there is a difference between the President and the Congress, and I would like a chance to try it.

Mr. HARTKE. It is not the intention of the chairman of the Finance Committee to drop any of these provisions from the debt limit bill?

Mr. LONG. It is up to the conference to decide whether we will try to retain all these provisions in the debt limit bill or not. We can see what the conference wants to do about it. It is my feeling that we would be well advised to proceed in the fashion I have suggested. I have no agreement with the House, not a single Member of the House of Representatives, that we proceed in the fashion I have just suggested.

I am frank to say that I think the majority of us on the conference would like to proceed that way, and the RECORD will so reflect, but that does not mean the House will agree. The House may insist on keeping the whole thing in one package. If that is true in the conference, they may prevail; but if we do what the Senator from Louisiana is suggesting, we would have more options available, and right now we need more options.

Mr. HARTKE. To summarize, then—and if I am incorrect I hope the chairman of the Finance Committee will correct me—the situation is that we have at the persent time reported out of the conference committee a series of amendments which deal with social security.

These social security amendments deal primarily—the largest one deals—with the increase to 5.6 percent. The other one is an item which the Senator from Indiana introduced, which deals with the increase in how much any social security beneficiary can earn, which is in the amount of $200 a month, raising it from the present $2,100 a year to $2,400 a year.

In the conference committee, and in the proposal before the Senate at this time, is provision for financing these two provisions as they were originally adopted by the conference committee.

The proposal before us at the present time has an added item that provides a save-harmless clause dealing with veterans' benefits which, as I understand the amendment, would provide that no veteran would have his pension reduced as a result of the action taken in these social security and related amendments.

In addition to that, the bill make no provision for the approximately $50 to $60 million additional cost occasioned as a result of the increased payments which will be occasioned by the save-harmless veterans clause.

In addition to that, the amendment contains a number of individual items dealing with welfare. The welfare items basically have the SSI—I do not remember what the initials stand for at the moment——

Mr. LONG. Supplemental security income.

Mr. HARTKE. Supplementary security income provisions. The total amount of those are in the neighborhood of $800 million.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. HARTKE. In just a minute. Correct me if I am wrong. The funding for that part of the amendment——

Mr. LONG. The Senator is approximately correct, except that the House has rejected those provisions on the debt limit bill.

Mr. HARTKE. The amount of the so-called welfare provisions are not financed under any increase and, therefore, they become a direct responsibility of the general fund and are an erosion of the general fund.

The information that the chairman of the Finance Committee has, I suppose from the minority side, is that the President has said he is opposed to these amendments and therefore would veto the debt limit bill.

As I understand it, the chairman of the Finance Committee says even though we will adopt those amendments here on the extension of the Renegotiation Act, and even though that Renegotiation Act, with these amendments, is sent to the House, if passed by both bodies, the President will veto that measure.

So what we are doing here on the floor of the Senate is that we are taking these provisions for benefits to social security recipients, with the save-harmless clause for the veterans, with the benefits for the aged, the infirm, and the blind, away from a bill which the President would have to sign if he wanted to continue the debt limit beyond midnight, remove it from that area in which the President is under some type of compulsion to deal with the issue, and put it over into the Renegotiation Act, which of itself is not of the same priority and preference with the President.

Under those circumstances, the distinguished chairman of the Finance Committee indicates that the President is opposed to benefits for the elderly, the blind, and the infirm, and his argument is based on the fact that it costs too much and involves too much difficulty.

I do not need to tell the Senator that if the Cambodian measure, which is contained in the original conference report, is retained, the savings occasioned by the stopping of the bombing would pay for all of these costs in the neighborhood of about 10 times.

I think it is well to point out that they are putting the destruction of the lives in Cambodia before assitance to the aged, the blind, and the infirm in America.

I will say that if I have made a misstatement of the facts here, I hope t chairman of the Finance Committee v correct me.

Mr. BENNETT. Mr. President, ma say to the distinguished Senator th at the very beginning we had a situ tion in which the bill reported out conference contained these conditio Actually the House tore everything o and the House bill which we are n going to conference on contains only t original language of the House bill. \ are going back to conference and t House is presenting a bill with its ori nal language, and the Senate bill co tains the language we passed the oth night.

It is a technical difficulty, but I thoug I should state it.

Mr. HARTKE. The House will get t conference amendment as presented the House leaders and the Ways a Means Committee.

Mr. BENNETT. The Senator is corre and the Senate in the conference back the original language.

Mr. HARTKE. Yes. What happened that in substance we have a situati where a new conference has been r quested by the House of Representativ on the basis that they did not acce the conference report. That is wh happened.

We are now where we were when started with the first conference. A what is intended to be done here is take action which would make it possib for the Senate conferees to elimina those provisions which deal with the s cial security and with the welfare pr visions.

The sweetener is to come back with t save-harmless clause for the veteran I make no apologies for my support f the veterans. I am proud of them. I wa to help them.

I point out that this could have bee done last June when we had the soci security increase. And I did urge t Senate then to do it at that time. Th amendment does not correct that def ciency.

Many veterans as of January 1 of th year and for the first 6 months of th year have actually had a nonveterar preference. I mean by that that the ve eran has had an increase in social secu rity and a decrease in pension. And in th event of about 20,000 of them who ha their income go over the income limita tion, they were dropped from the roll and they actually lost money and hav for the last 6 months.

That is not being corrected by th amendment. All that the veteran amendment would do in this bill is to sav harmless the provisions of the social se curity increases and welfare increase which are going to begin in April of nex year. So we are not giving them reall anything now. We are not giving th agent anything now. All we are doing providing for an acceleration of th Benefits from 1975 back to 1974, o April 1.

Mr. President, for the RECORD I woul like to say that the Senate passed a bil which I introduced last year, S. 4006 which would have protected the veterans

ıe House of Representatives failed to
t. We are prepared to move forward
this again. Hopefully the House of
epresentatives at this time would rec-
nize that the veterans are being mis-
eated in that regard.

Mr. President, I want to point out one
her thing. The checkoff provision is
ill intended to be retained, and the
olitical checkoff is intended to be re-
ined in the debt limit bill, as I under-
and it. And the unemployment com-
ensation extension of 13 weeks for ap-
roximately five States, according to the
est information I have at the present
me, is to be retained. This also presents
ı additional erosion when the total
udgetary figures come out of the un-
nployment compensation fund, in the
eighborhood of $200 million.

Mr. BENNETT. $224 million.

Mr. HARTKE. The Senator is correct.
think that there is no question that the
ction to provide the benefits for the aged
ave to be interpreted by some foreign
nterpreter. Maybe we can have Mr.
rezhnev's interpreter act on behalf of
ıe old people. He might be able to ex-
lain to their satisfaction that we took
ıeir benefits, which had been passed by
ıe Senate and were in the bill, away
rom them again.

The ACTING PRESIDENT pro tem-
ore. The question is on agreeing to the
mendment of the Senator from Loui-
iana (putting the question).

The amendment was agreed to.

* * * * *

The ACTING PRESIDENT pro te
pore. The bill is open to further ame
ment. If there be no further amendm
to be proposed, the question is on
engrossment of the amendments and
third reading of the bill.

The amendments were order to be
grossed, and the bill to be read a th
time.

The bill (H.R. 7445) was read the th
time.

The ACTING PRESIDENT pro te
pore (Mr. METCALF). The bill having be
read the third time, the question is, Sh
it pass? On this question, the yeas a
nays have been ordered, and the cl
will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I annour
that the Senator from South Dakota (M
ABOUREZK), the Senator from Texas (M
BENTSEN), the Senator from Massach
setts (Mr. KENNEDY), the Senator fr
Alaska (Mr. GRAVEL), the Senator fr
Michigan (Mr. HART), the Senator fr
Minnesota (Mr. HUMPHREY), and t
Senator from New Jersey (Mr. Wi
LIAMS) are necessarily absent.

I further announce that the Senat
from Iowa (Mr. CLARK), the Senator fr
Delaware (Mr. BIDEN), the Senator fr
Washington (Mr. MAGNUSON), the Se

from Wyoming (Mr. McGEE), and Senator from Alabama (Mr. SPARK-) are absent on official business.
also announce that the Senator from sissippi (Mr. STENNIS) is absent be-se of illness.
further announce that, if present and ng, the Senator from Iowa (Mr. RK), the Senator from Alaska (Mr. VEL), the Senator from Washington . MAGNUSON), the Senator from Min-ota (Mr. HUMPHREY), and the Sen-from New Jersey (Mr. WILLIAMS) ld each vote "yea."
Ir. TOWER. I announce that the Sen-r from Oklahoma (Mr. BELLMON), Senator from Hawaii (Mr. FONG), the ator from Arizona (Mr. GOLDWATER), Senator from Pennsylvania (Mr. TT), and the Senator from South olina (Mr. THURMOND) are necessar-absent.
he Senator from New Hampshire . COTTON) is absent because of ill-s in his family.
he Senator from Michigan (Mr. FFIN), the Senator from New York r. JAVITS), the Senator from Idaho r. MCCLURE), and the Senator from aware (Mr. ROTH) are absent on offi-l business.
he Senator from Illinois (Mr. PERCY), Senator from Virginia (Mr. SCOTT), l the Senator from Vermont (Mr. AFFORD) are detained on official iness.
f present and voting, the Senator from waii (Mr. FONG), the Senator from w York (Mr. JAVITS), the Senator from nsylvania (Mr. SCOTT), and the Sen-r from South Carolina (Mr. THUR-ND) would each vote "yea."
The result was announced—yeas 74, ys 0, as follows:

[No. 264 Leg.]

YEAS—74

en	Eagleton	Metcalf
en	Eastland	Mondale
ker	Ervin	Montoya
tlett	Fannin	Moss
h	Fulbright	Muskie
ll	Gurney	Nelson
nett	Hansen	Nunn
le	Hartke	Packwood
ck	Haskell	Pastore
oke	Hatfield	Pearson
ckley	Hathaway	Pell
rdick	Helms	Proxmire
d,	Hollings	Randolph
larry F., Jr.	Hruska	Ribicoff
d, Robert C.	Huddleston	Saxbe
nnon	Hughes	Schweiker
e	Inouye	Stevens
lles	Jackson	Stevenson
urch	Johnston	Symington
k	Long	Taft
nston	Mansfield	Talmadge
rtis	Mathias	Tower
le	McClellan	Tunney
menici	McGovern	Weicker
minick	McIntyre	Young

NAYS—0

NOT VOTING—26

ourezk	Griffin	Roth
llmon	Hart	Scott, Pa.
ntsen	Humphrey	Scott, Va.
len	Javits	Sparkman
rk	Kennedy	Stafford
tton	Magnuson	Stennis
ng	McClure	Thurmond
ldwater	McGee	Williams
avel	Percy	

So the bill (H.R. 7445) was passed.
Mr. LONG. Mr. President, I move to consider the vote by which the bill was ssed.

Mr. TOWER. I move to lay that motion on the table.
The motion to lay on the table was agreed to.
Mr. LONG. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives, and that the Chair be authorized to appoint the conferees on the part of the Senate.
The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Arrington, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 7445) entitled "An act to amend the Renegotiation Act of 1951 to extend the act for 2 years," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. BENNETT, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate further insists upon its amendment to the bill (H.R. 8410) entitled "An act to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes," disagreed to by the House; and agrees to the further conference asked by the House on the disagreeing votes of the two Houses thereon.

APPOINTMENT OF CONFEREES ON H.R. 7445, EXTENDING THE RENEGOTIATION ACT OF 1951

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7445) to amned the Renegotiation Act of 1951 to extend the act for 2 years, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, Mrs. GRIFFITHS, Messrs. SCHNEEBELI, COLLIER, and BROYHILL of Virginia.

93D CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
No. 93-365

RENEGOTIATION ACT EXTENSION

JUNE 30, 1973.—Ordered to be printed

Mr. MILLS of Arkansas, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 7445]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the Act for two years, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 3.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

Amendment numbered 2:

This amendment is reported in disagreement.

Amend the title so to read: "An Act to extend the Renegotiation Act of 1951 for one year, and for other purposes."

W. D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
H. R. COLLIER,
JOEL T. BROYHILL,
Managers on the Part of the House.

RUSSELL B. LONG,
H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the Part of the Senate.

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 amendments of the Senate to the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the Act for two years, 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:

Amendment No. 1: The bill as passed by the House extended the Renegotiation Act of 1951 for two years until June 30, 1975. Senate amendment No. 1 provides a one-year extension until June 30, 1974.

The House recedes.

Amendment No. 2: This amendment is reported in disagreement.

Amendment No. 3: This amendment added a provision to the bill which directed the President to exempt certain agricultural commodities from the current price freeze upon certification of the existence of certain conditions by the Secretary of Agriculture with respect to the supply of such commodities as a result of the price freeze.

The Senate recedes.

W. D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
H. R. COLLIER,
JOEL T. BROYHILL,
Managers on the Part of the House.

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H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the Part of the Senate.

H. Rept. 93-365

CONFERENCE REPORT ON H.R. 7445, EXTENDING RENEGOTIATION ACT OF 1951

Mr. MILLS of Arkansas submitted the following conference report and statement on the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the act for 2 years:

CONFERENCE REPORT (H. REPT. No. 93-365)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the Act for two years, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3.

That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same.

Amendment numbered 2: This amendment is reported in disagreement.

Amend the title so to read: "An Act to extend the Renegotiation Act of 1951 for one year, and for other purposes."

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Managers on the Part of the House.

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The Senate recedes.

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H. R. COLLIER,
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ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the Part of the Senate.

Mr. MILLS of Arkansas. Mr. Speaker I ask unanimous consent for the imme diate consideration of the conference re port and the Senate amendment reporte from the conference in disagreement o the bill (H.R. 7445) to amend the Re negotiation Act of 1951 to extend th act for 2 years.

The SPEAKER. Is there objection t the request of the gentleman from Ar kansas?

There was no objection.

The Clerk read the conference report

Mr. MILLS of Arkansas. Mr. Speaker I move the previous question on the con ference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. DENNIS. Mr. Speaker, reserving the right to object——

Mr. MILLS of Arkansas. Mr. Speaker. I wanted to take the opportunity momentarily to advise the Members of what is reported in the conference report, if the gentleman will withhold his reservation of objection.

Mr. Speaker, there are three amendments involved in this bill as it was considered by the Senate. The first amendment had to do with what is in the conference report itself. The House passed the renegotiation program for another 2 years, extending the act for 2 years. The Senators wanted to extend it for 1 year so that they could take another look at the operation of the Renegotiation Board for the next year.

Mr. Speaker, as is always the case, the

ıferees on the part of the House like accommodate a request like that. So have accepted the Senate amendment ich is in the conference report extend- the act for 1 year.

Now, that is all that is involved in the ıference report. On the amendment in agreement, I will offer a motion, and will discuss that subsequent to the reement to accept the conference re- rt.

Mr. Speaker, there was a third amend- nt which the Senate receded on, so ere is only one other matter left to con- ler after the adoption of the conference port itself.

Mr. DENNIS. Mr. Speaker, will the ntleman from Arkansas yield?

Mr. MILLS of Arkansas. Yes, I will ld to the gentleman from Indiana.

Mr. DENNIS. Mr. Speaker, may I ask e gentleman, what is the matter in dis- reement to which the gentleman re- rred?

Mr. MILLS of Arkansas. Mr. Speaker, e matter in disagreement is what was volved in the matter in disagreement st night, except for the three items that ve been heretofore approved by the ouse as a part of the debt ceiling: In her words, social security, the welfare nendments, and the Medicaid amend- ents, plus the social services amend- ent.

Mr. DENNIS. Mr. Speaker, if the ntleman will yield further, will I have propriate time to ask the gentleman mething about the social security nendments at that point so that it will ot be necessary to do it at this time?

Mr. MILLS of Arkansas. Absolutely. he gentleman will have that opportu- lty. Following the motion I will make in nnection with the amendment in dis- greement, I expect to take the necessary me to answer any questions.

Mr. BURTON. Mr. Speaker, will the entleman yield?

Mr. MILLS of Arkansas. I yield to the entleman from California.

Mr. BURTON. Mr. Speaker, does the entleman have any opinion as to the eaction of the administration to this ather drastically reduced version of that hich we voted on last night?

Mr. MILLS of Arkansas. Mr. Speaker, t is my understanding that the bill is ac- eptable to the President.

Mr. BURTON. Mr. Speaker, may I ask, s the gentleman satisfied that the source f his information in terms of the Execu- ive is one upon which the gentleman and ll of us can place reliance?

Mr. MILLS of Arkansas. Mr. Speaker, t is the source that I would always look o if I were seeking information, short of alking to the President himself.

Mr. BURTON. Mr. Speaker, I would seek an appropriate answer to my ques- tion from the distinguished ranking member of the committee or from the majority leader, if they should wish to respond to that question.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. Mr. Speaker, I will yield to the distinguished minority leader.

First, I will yield to my friend, the gentleman from Pennsylvania (Mr. SCHNEEBELI).

Mr. SCHNEEBELI. Mr. Speaker, at the conference this morning a very high official, a Cabinet member, indicated that to his knowledge he would recommend approval of the conference report that is about to be presented.

Mr. MILLS of Arkansas. Mr. Speaker, I will now yield to the distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, I will agree with what the gentleman from Pennsylvania has said.

I have also consulted with others, and I think that bolsters my feeling that the pledge of the President would be approved.

Mr. REID. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from New York.

Mr. REID. Mr. Speaker, I thank the gentleman for yielding.

Would the chairman of the committee be willing to answer a question on the social service regulations?

It is my understanding that the proposal now before the House in effect includes a description of prohibition against the new regulation going into effect for up to 4 months, and any new regulations that might be proposed by HEW would be subject to the standards eligibility and service requirements described by the two committees mentioned; is that correct?

Mr. MILLS of Arkansas. The gentleman is correct. It is more of a solution of the problem than the amendment last night provided, because the amendment last night merely held in abeyance the new proposed regulations for a period of 6 months, but offered no real solution.

Mr. REID. Mr. Speaker, may I ask one further question?

Would this proposal which the gentleman says moves in the direction of a solution be clear as to the fact that the States will be able to spend the $2.5 billion and provide the flexibility and provide services presently provided or permitted, and would HEW in any consideration by the committing of new regulations be prohibited from restricting eligibility standards and services in a way that would preclude, in my judgment, the standards that are presently in effect in the old regulations?

In other words, would we maintain the eligibility that the services and standards presently provide for?

Mr. MILLS of Arkansas. Mr. Speaker, I cannot answer the gentleman's question either way, because I have no idea what the Department and the membership of the two committees would finally agree would be satisfactory regulations. But let me call the gentleman's attention to the fact that if the new regulations never went into effect, and the old regulations, if any, remained in effect, the States altogether would not find it possible to spend the $2.5 billion.

That is because the formula that is in the law, and the situations in some of the States, make it impossible for some of them ever to spend all that we thought they would be entitled to, perhaps, under the $2.5 billion ceiling. I think a more realistic figure is $2.1 billion but the gentleman's State of New York can utilize its money and will to the full extent, I understand, receive and spend that money.

Mr. REID. One final question. I understand that point the gentleman is making, but may I add further there is no intention to restrict the eligibility standards for services presently in effect in the old regulation in any new consideration by the committee?

Mr. MILLS of Arkansas. To the best of my recollection, what we are striving to do, by giving examples, is to manifest our own feeling as to the importance of certain of these services, because we have mentioned mental retardation and mental health, family planning, child support, alcohol and drug abuse, and some of the services which have been mandatory for the aged, particularly for those who might otherwise be institutionalized.

Mr. DENNIS. Will the gentleman yield further?

Mr. MILLS of Arkansas. I will be glad to yield to the gentleman.

Mr. DENNIS. I thank the distinguished chairman for yielding. I have one question I would like to ask before we vote on the conference report.

As the gentleman knows, I attempted to ask the gentleman from Pennsylvania here a while ago a question, and he suggested the appropriate time would be on this bill, but it seems to me the appropriate time has probably arrived, if there is one.

Mr. MILLS of Arkansas. The gentleman is right.

Mr. DENNIS. As I understand it, in the amendment which we have here in this conference report there is the social security increase which we eliminated from the other bill last night. Is that correct?

Mr. MILLS of Arkansas. There is a social security increase. I intended to discuss all of this in connection with my motion, but I will be glad to answer the gentleman's question.

Last night the House had before it an amendment that would have provided for those eligible for social security benefits to receive this estimated 5.6-percent increase across the board beginning April 1, 1974. That meant there would have been two payments, the May and June payments, that would have had an impact on the 1974 budget.

The conferees accepted the suggestion that I made yesterday that the benefit begin with the month of June. The payment for the month of June is made on July 3, 1974, so it is not in the fiscal year 1974. That is the change we made there.

If the gentleman wants me to, I will be glad to discuss another change or two.

Mr. DENNIS. Will the gentleman yield further?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman.

Mr. DENNIS. What I want is, we raised the social security 20 percent last year and we have also put in a cost-of-living automatic escalator increase, which, as I understood it at the time, was designed to a considerable extent to avoid the necessity of survivor increases, and so forth. What I want to ask the distinguished chairman is, that being true, what is the rationale and the reason for the present increase?

Mr. MILLS of Arkansas. The answer is easy. Under the law the Secretary of Health, Education, and Welfare would not have authority to provide an increase in social security equal to the increase in cost of living until January 1, 1975. We are here moving that decision for him forward by 7 months, because we believe that these people are feeling too much the effects of inflation to allow their increase to be delayed until the first of the year 1975.

Mr. DENNIS. I thank the gentleman.

Mr. STEIGER of Wisconsin. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman.

Mr. STEIGER of Wisconsin. I thank the gentleman for yielding.

In listening to the reading of the statement on the part of the managers, am I clear in my understanding that this report of the managers comes to us as a conference report rather than the situation in which we found ourselves last night?

Mr. MILLS of Arkansas. No, it does not, because as long as I can I am going to adhere to the rules of the House. If we do not like the rules of the House, then let us change them, but the rules say that anything that is not germane under the rules to the subject matter of the text of the bill itself as passed by the House should be reported to the House in disagreement, and that is what we are doing here.

The one amendment that is germane, the change in the extension of the act itself from 2 years to 1 year, is in the conference report.

The conference report pointed out that the conferees were in disagreement with respect to amendment No. 2. The Senate withdrew from its amendment No. 3.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENT IN DISAGREEMENT

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read Senate amendment No. 2.

[For the Senate amendment, see proceedings of the House of June 29, 1973.]

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in disagreement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MOTION OFFERED BY MR. MILLS OF ARKANSAS

Mr. MILLS of Arkansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MILLS of Arkansas moves that the House recede from its disagreement to the amendment of the Senate numbered 2 to the bill (H.R. 7445) and concur therein with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after May 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after May 1974) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act); and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

SEC. 202. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$200".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

SEC. 203. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu the "$12,600".

(2) Section 211(b)(1)(H) of such Ac amended by striking out "$12,000" and serting in lieu thereof "$12,600".

(3) Sections 213(a)(2)(ii) and 213(a) of such Act are each amended by stril out "$12,000" and inserting in lieu the "$12,600".

(4) Section 215(e)(1) of such Act amended by striking out "$12,000" and serting in lieu thereof "$12,600".

(b)(1) Section 1402(h)(1)(II) of the ternal Revenue Code of 1954 (relating definition of self-employment income) amended by striking out "$12,000" and serting in lieu thereof "$12,600."

(2) Effective with respect to remunerat paid after 1973, section 3121(a)(1) of s Code is amended by striking out the do amount each place it appears therein inserting in lieu thereof "$12,600".

(3) Effective with respect to remunerat paid after 1973, the second sentence of s tion 3122 of such Code is amended by str ing out the dollar amount and inserting lieu thereof "$12,600".

(4) Effective with respect to remunerat paid after 1973, section 3125 of such C is amended by striking out the do amount each place it appears in subsecti (a), (b), and (c) and inserting in l thereof "$12,600".

(5) Section 6413(c)(1) of such Code (lating to special refunds of employm taxes) is amended by striking out "$12,0 each place it appears and inserting in l thereof "$12,600".

(6) Section 6413(c)(2)(A) of such Co (relating to refunds of employment taxes the case of Federal employees) is amended striking out "$12,000" and inserting in l thereof "$12,600".

(7) Effective with respect to taxa years beginning after 1973, section 6654((2)(B)(ii) of such Code (relating to failu by individual to pay estimated income t is amended by striking out the doll amount and inserting in lieu there "$12,600".

(c) Section 230(c) of the Social Securi Act is amended by striking out "$12,00 and inserting in lieu thereof "$12,600".

(d) Paragraphs (2)(C), (3)(C), (4)(C and (7)(C) of section 203(b) of Public La 92-336 are each amended by striking o "$12,000" and inserting in lieu there "$12,600".

(e) The amendments made by this se tion, except subsection (a)(4), shall app only with respect to remuneration paid afte and taxable years beginning after, 1973. Th amendments made by subsection (a)(4 shall apply with respect to calendar yea after 1973.

(f) Effective June 1, 1974, the Secretary Health, Education, and Welfare shall pr scribe and publish in the Federal Regist such modifications and extensions in th table contained in section 215(a) of the So cial Security Act (which shall be determine in the same manner as the revisions in suc table provided for under section 215(i)(2 (D) of such Act) as may be necessary t reflect the amendments made by this sec tion; and such modified and extended tabl shall be deemed to be the table appearin in such section 215(a).

PART B—PROVISIONS RELATING TO FEDERA PROGRAM OF SUPPLEMENTAL SECURITY IN COME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) an section 1611(b)(1) of the Social Security Ac (as enacted by section 301 of the Social Se curity Amendments of 1972) are eac

ended by striking out "$1,560" and in-ting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1(b)(2) of such Act (as so enacted) are h amended by striking out "$2,340" and erting in lieu thereof "$2,520".

(c) The amendments made by this section all apply with respect to payments for nths after June 1974.

PPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purses of title XVI of the Social Security Act, in effect after December 1973) the eli-ility for and the amount of the supple-ental security income benefit payable to y qualified individual (as defined in sub-ction (b)), with respect to any period for ich such individual has in his home an sential person (as defined in subsection))—

(A) the dollar amounts specified in sub-ction (a)(1)(A) and (2)(A), and subsec-on (b) (1) and (2), of section 1611 of such t, shall each be increased by $840 ($780 the case of any period prior to July 1974) r each such essential person, and

(B) the income and resources of such in-vidual shall (for purposes of such title VI) be deemed to include the income and sources of such essential person;

cept that the provisions of this subsection all not, in the case of any individual, be plicable for any period which begins in or ter the first month that such individual—

(C) does not but would (except for the ovisions of subparagraph (B)) meet—

(i) the criteria established with respect to come in section 1611(a) of such Act, or

(ii) the criteria established with respect to sources by such action 1611(a) (or, if ap-licable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of ne Social Security Act (as in effect after ecember 1973) shall, in the case of any ualified individual (as defined in subsection b)), be applied so as to include, in the re-ources of such individual, the resources of ny person (described in subsection (b)(2)) hose needs were taken into account in de-ermining the need of such individual for the id or assistance referred to in subsection b)(1).

(b) For purposes of this section, an in-ividual shall be a "qualified individual" nly if—

(1) for the month of December 1973 such ndividual was a recipient of aid or assistance nder a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such indi-idual for such aid or assistance for such nonth under such State plan, there were aken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individ-ual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in de-termining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI, of the Social Security Act) shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974, and ending with whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A); except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(1)(A), (2), or (3), 1611(f), or 1615(c) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplement security income benefit to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a benefit described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amounts of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into un-

der subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into, under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2) (A) and (B) are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2) (A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference, as among applicants whose qualifications are reasonably equal (subject to any preferences conferred by law or regulation on individuals who have been Federal employees and have been displaced from such employment), to applicants for employment who are or were employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act and are or were involuntarily displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—SOCIAL SERVICES

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 220. (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 November 1, 1973, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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, unless such regulation or modification has been approved, prior to its being proposed, by the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

SEC. 221. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or pa A of title IV" and inserting in lieu there "under the State plan approved under pa A of title IV".

PART D—PROVISIONS RELATING TO MEDICAI

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 230. In the case of any State plan (a proved under title XIX of the Social Securi Act) which for December 1973 provided me ical assistance to persons described in sectic 1905(a)(vi) of such Act, there is hereby in posed the requirement (and such State pla shall be deemed to require) that medical a sistance under such plan be provided each such person (who for December 19 was eligible for medical assistance under suc plan be provided to each such person (wi for December 1973 was eligible for medic assistance under such plan) for each mont (after December 1973) that—

(1) the individual (referred to in the la sentence of section 1905(a) of such Act with whom such person is living continue to meet the criteria (as in effect for Decembe 1973) for aid or assistance under a Stat plan (referred to in such sentence), an

(2) such person continues to have th relationship with such individual describe in such sentence and meets the other criteri (referred to in such sentence) with respect t a State plan (so referred to) as such plan wa in effect for December 1973.

Federal matching under title XIX of th Social Security Act shall be available for th medical assistance furnished to individual eligible for such assistance under this sec tion.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 231. For purposes of section 1902(a (10) of the Social Security Act, any individua who, for all (or any part of) the month o December 1973—

(1) was an inpatient in an institution qual ified for reimbursement under title XIX o the Social Security Act, and

(2)(A) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a Stat plan approved under title I, X, XIV, or XV of such Act, or

(B) was, on the basis of his need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility for medical assistance under a State plan approved under title XIX of such Act (whether or not such individual actually received aid or assistance under a State plan referred to in subparagraph (A)), shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under ttile XIX of the Social Security Act) to be in need of care in such an institution.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902(a) (10) of the Social Security Act, any indi-

ual who, for the month of December 1973 s eligible (under the provisions of sub-ragraph (B) of such section) for medical istance by reason of his having been de-rmined to meet the criteria for blindness disability (established by a State plan proved under title I, X, XIV, or XVI of ch Act), shall be deemed to be a person scribed as being a person who "would, if edy, be eligible for aid or assistance under y such State plan" in subparagraph (B) of such section for each month in a ntinuous period of months (beginning th the month of January 1974), if, for ch month in such period, such individual ntinues to meet the criteria for blindness disability so established by such a State an (as it was in effect for December 1973). deral matching under title XIX of the cial Security Act shall be available for e medical assistance furnished to indi-duals eligible for such assistance under is section.

TENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 233. Section 249E of the Social Se-rity Amendments of 1972 is amended by riking out "October 1974" and inserting lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 234. (a) Section 1903 of the Social ecurity Act is amended by striking out sub-ection (j) thereof (as added by section 225 f Public Law 92-603).

(b) The amendment made by subsection a) shall be applicable in the case of ex-enditures for skilled nursing services and for ntermediate care facility services furnished n calendar quarters which begin after De-ember 31, 1972.

PART E—PROVISIONS RELATING TO GUILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 240. (a) Section 202(d)(8)(D)(ii) of the Social Security Act is amended by strik-ing out "and" at the end thereof and insert-ing in lieu thereof "or (III) if he is an in-dividual referred to in either subparagraph (A) or subparagraph (B) and the child is the grandchild of such individual or his or her spouse, for the year immediately before the month in which such child files his or her application for child's insurance benefits, and".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the motion be dispensed with, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 5 minutes.

(Mr. MILLS of Arkansas asked and was given permission to revise and extend his remarks.)

Mr. MILLS or Arkansas. Mr. Speaker, I will not repeat our discussion under the reservation of the changes with respect to social security payments. I should like to point out that we did make a change in the effective date of the $10 increase from $130 to $140, for the adult public assistance cases, and from $195 to $210 for the couple. The Members will remember we discussed that last night. Last night we had that become effective with the takeover on January 1, 1974, by the Federal Government through the Social Security Administration of the Adult Welfare programs. We had delayed the date of the increase in the amendment from January 1, 1974, to July 1, 1974. In this instance we say July 1 because, different from social security, those who receive welfare payments are paid in advance.

If a person is eligible for welfare for the month of July, that person receives his payment on July 3. If a person under social security is eligible for payment for the month of July, he does not get the payment until after the month, or August 3. So we are making the two conform, so far as the date of receipt of payment is concerned. That is why one is the first of July and one is the first of June.

There is another matter that I do want to call to the attention of the House because there was a great deal of confusion or feeling or misundertanding on it, I thought, with respect to the effect of the increase in social security on the pension benefits made available by my friend, the gentleman from South Carolina's Committee on Veterans. We asked last night that the Senate Committee on Finance, through its Committee on Veterans' Affairs, provide an answer to what we thought the Membership wanted done, namely, to guarantee that no veteran pensioner would suffer a loss in income because of the 5.6 percent social security benefit increase.

I came to the floor today to tell my good friend, the gentleman from South Carolina, that we had accommodated what I thought they wanted, and also my good friend, the gentleman from Texas (Mr. TEAGUE) and my good friend, the gentleman from Arkansas (Mr. HAMMERSCHMIDT). They asked that we delete that from the conference report, so when the conferees met officially, we did delete that provision from this amendment to the Senate amendment.

The gentleman from South Carolina's committee is working hard at this time to try to overhaul the entire veterans' benefit structure. And I have never been one who wants to trespass upon the jurisdiction of another committee. I thought in the process of this action that we were accommodating the wishes of the committee and the House, but then today I find out that my friend would prefer that we not include it. I want all the Members to know that it does not mean veterans will be unduly affected in any way because this benefit increased will not be paid to any veteran until the month of July 1974 and the gentleman's committee has a long time in which to work out an answer from its point of view.

Mr. DORN. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from South Carolina.

Mr. DORN. Mr. Speaker, I want to say to my distinguished friend, the chairman of the great Committee on Ways and Means, that he has always respected the jurisdiction of other committees and particularly of the Veterans Committee with whom he has dealt so closely and effectively in the past. I want to commend the gentleman and assure the House that what the gentleman says is absolutely correct.

The Committee on Veterans Affairs is conducting hearings at the present time and will consider not only the possibility of being of assistance to veterans because of the 5-percent increase and because of the 20-percent increase but also I can assure the distinguished chairman and the Members of the House that our committee is working diligently and faithfully to solve this problem.

Mr. Speaker, there has been interest and concern expressed by Members about the impact of the 5-percent social security raise under consideration on the veterans non-service-connected pension program. There are some facts which should be emphasized in this discussion.

The 5-percent social security increase would not become effective until June 1, 1974. Under title 38, the veterans' law, no veteran or widow would be affected until January 1975. Even though the social security recipients would begin to receive the 5-percent increase on July 3, 1974. We have an end-of-the-year rule and no pensioner under Veterans Administration programs would bequired to report or count the additional 5 percent increase until January 1975, and effect would not come until the check he receives on January 30, 1975.

Mr. Speaker, the problem which is and should be concerning the Congress is not the 5-percent increase which would not affect veterans until January 1975, but the problem is the 20-percent social security increase that became effective September of last year and is having an effect on VA pensions this year. Our committee is holding hearings now on this subject.

The subcommittee is headed by our distinguished colleague, "TIGER TEAGUE," and JOHN PAUL HAMMERSCHMIDT is the ranking minority Member. We have over 100 bills pending, sponsored by more than 230 Members of Congress. As we seek a solution to this problem, certain facts must be considered. First, we must recognize the pension program for what it is. It is an income supplementing program based on need. Those most in need get the most pension. As their income increases, the pension is reduced. There are income limits that cut off all pension. The single veteran with other income less than $300 per year receives the maximum of $130 per month. The married veteran with less than $500 a year receives $140 per month. It may seem incredible, but there are more than 165,000 veterans and 130,000 widows in these low income categories of less than $500 per year other income, and, of course, they are the ones getting the highest rates and needing help the most.

The upper income limit for single veterans is $2,600 other income and $3,800 other income for the married veterans. As income rises, pension is decreased and when the income limits are exceeded, the pensioner goes off the rolls. For example, a single veteran near the limit of $2,600 gets only $22 a month pension, and a

married veteran near the $3,800 limit gets only $33 per month. Those in between the bottom and the top get corresponding amounts. For instance, a married veteran with $2,000 other income receives $99 a month pension. A single veteran with $1,400 a year other income gets $93 a month pension. Let me emphasize again, Mr. Speaker, it is a needs program that helps those in need the most.

Mr. Speaker, there is a very important point that must be emphasized. The income and pension scale is devised so that a pensioner will not lose more pension than he gains in other income. The average social security—under the 20 percent raise—increase to a pensioner was approximately $26.50 per month. The average decrease in Veterans' Administration pension was approximately $7 per month, so that pensioners did receive a net increase in income as a result of the 20 percent social security increase. Now, there is one exception. About 20,000 exceeded the maximum income limits of $2,600 for single veterans and $3,800 for married veterans and went off the rolls. Let me emphasize that 50,000 to 60,000 pensioners go off the rolls every year because of excessive income and that will always be the case in any income limit program. Also, there are cases where veterans have their pensions cut because both the veteran and his wife are covered separately by social security, each in their own right, and, of course, we feel no obligation in these cases because the wife has her own separate income and also enjoys a $1,200 exemption before any of her income is counted against the veteran.

Mr. Speaker, Members ask constantly why not exempt social security from being counted. The Veterans' Affairs Committee has had proposals before it for the last 20 years to do this, and has steadfastly refused because it would be unfair and a gross injustice.

It would be absolutely unfair to single out one class of income such as social security and give it preferential treatment. Mr. Speaker, if the Members think they are getting mail, they have not seen anything compared to the mail they would get if we singled social security income and exempted it from being counted. A clamor would immediately arise from retired civil servants, railroad retirees, State, county and city retirees, schoolteachers, policemen, firemen, union members, and other people on annuities, demanding that they also receive preferential treatment as accorded social security recipients. They would have a good case. The point is, Mr. Speaker, in an income limit and needs program, dollars count, and one dollar is no different from the next.

Mr. Speaker, I mentioned that our committee is holding hearings now. We want to do something, but we have problems. I do not desire to be partisan, and our committee is never partisan in its approach. But it is a fact that the administration has budgeted a $233 million a year cut in the pension program and has budgeted no money for increases. If the committee recommended legislation that would completely offset the impact of the 20-percent social security increase, it would cost $420 million first year cost. To also offset the 5-percent proposed raise would cost another $150 million With the administration budgeted to save $223 million, we are talking about a three quarters of a billion dollar budget increase, and certainly I have no assurances from the administration that such a bill would be signed.

One approach we are considering is an 8-percent cost-of-living increase, based on the cost-of-living advances, and this would cost $220 million. Even here we have no assurances the President would sign the bill. The Administration has actually come before us asking us to consider substantial reduction on the pension program.

If we are successful in enacting an 8-percent cost-of-living increase, this would have a substantial impact in offsetting the 20-percent social security increase.

Let me remind Members that while we are preoccupied with a 5-percent social security, that a 6.1-percent increase in Civil Service retirement takes place day after tomorrow. Congress is working on a Railroad Retirement increase. Hundreds of thousands of widows drawing Veterans Administration pensions will be affected next January 1 by the very substantial revision in widow benefits under social security that went into effect this year, I mention these things, Mr. Speaker, to remind Members that the 5-percent social security increase under discussion here today is only one of many increases that will affect veterans' pensions and must be considered by our committee.

I support the 5-percent increase. I appreciate the courteous consideration accorded us by the distinguished chairman of the Ways and Means Committee of not invading our jurisdiction, and I wish to assure members that the Committee on Veterans' Affairs is working on this problem and will deal with veterans and their dependents in our usual sympathetic way. The problem as it relates to veterans should not prevent this body from considering the 5-percent social security increase. If the increase is enacted, it will result in a net increase in income to most pensioners except a very few that might exceed upper income limits as a result of the 5-percent increase.

(Mr. DORN asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Mr. Speaker, I commend the chairman the Committee on Ways and Means for this action.

I think it would enable the chairman of the subcommittee (Mr. TEAGUE of Texas) and the members of the committee to take into consideration the 20-percent raise and 5-percent raise as well as the last raise in railroad retirement and the general raise to retirees which takes place tomorrow as far as all those who were on the Federal payroll.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to th gentleman from New York.

Mr. CONABLE. Mr. Speaker, I wis the chairman would explain to the Hou two issues with respect to social securit The first is how this law changes th wage base under existing law and at wh time. The second is I wish he would ex plain further the fact that this increa comes out of a cost-of-living increa which otherwise would be paid Januar 1, 1975, and is not an additional benef to the cost-of-living increase to b granted at that time but simply a spee up to the extent of 5.6 percent.

Mr. MILLS of Arkansas. The gentle man from New York is eminently cor rect with respect to his last observatio The amendment does provide, as I sai last night, for an increase in the taxabl wage base from the present provision o law effective January 1, 1974, an increas from the $12,000 to $12,600 of one' earned income which will be subject t the rates of social security tax at tha time. This we discussed last night. There is no change with respect to it. It is nec essary because as I pointed out last nigh we are changing the retirement test from $2,100 to $2,400.

Mr. CONABLE. The point I hoped the chairman would make here is that the wage base is going up January 1, 1974, in any event from $10,800 to $12,000.

Mr. MILLS of Arkansas. That is right.

Mr. CONABLE. The effect of this bill on the amount going from $10,800 is to move it to $12,600, and it is important to understand that entire increase is not necessary to finance this bill, only the initial $600.

Mr. MILLS of Arkansas. The raise from $10,800 to $12,000 that was enacted last year was necessary to finance the 20-percent benefit increase enacted then.

Mr. CONABLE. Last year.

Mr. MILLS of Arkansas. That is right.

Mr. TREEN. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Louisiana.

Mr. TREEN. Mr. Speaker, in the present law as I understand it the wage base will be $12,000 as of the first of the year. This will increase it by $600.

Mr. MILLS of Arkansas. The gentleman is correct.

Mr. TREEN. Mr. Speaker, we have another increase that will occur then? I believe it is $12,900.

Mr. MILLS of Arkansas. Under the provisions of the existing law there is provision for automatic increases from time to time in the amount of one's earnings that are subject to the social security tax. That is an automatic provision and is not enacted by this amendment. The automatic provision will apply and go above the $12,600, just as it would go above the $12,000 figure under the provisions of existing law.

Mr. TREEN. Mr. Speaker, as I understand it, the $600 increase then would apply all the way down the line. We are not just moving up an increase as we are in the social security provisions, but the $600 increase on the wage base will be permanent and will be in addition to the $12,000; in addition to the $12,900 and the $13,500, all down through the years.

The $600 increase is permanent in that respect.

Mr. MILLS of Arkansas. The gentleman is correct. It is not just a 1-year proposition.

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Indiana (Mr. MYERS).

Mr. MYERS. Mr. Speaker, the fact that this becomes effective a year from tomorrow and applies on a 6-percent cost-of-living increase, is it possible that between now and next year this Congress might pass an increase of even more?

Mr. MILLS of Arkansas. Mr. Speaker, the gentleman's guess is probably better than mine. I just do not know. It is getting harder for me to predict what the Congress will do, frankly.

Mr. MYERS. This for all practical purposes today is a social security increase bill.

Mr. MILLS of Arkansas. Mr. Speaker, the gentleman should bear in mind that just 6 months beyond the effectiveness of this 5 percent, there is a provision in the law which would allow the Secretary of Health, Education, and Welfare to make an additional adjustment in social security benefits. The benefit increase provided in this legislation makes a part of that increase payable 7 months in advance.

Mr. Speaker, let me describe these provisions in more detail.

PROVISIONS AMENDING THE OASDI PROGRAM

The Senate amendment contained three changes in the social security cash benefits program. The first of these modifications is to provide a social security benefit increase payable for April 1974 geared to the cost-of-living increase between June 1972, and June 1973, which is estimated to be 5.6 percent. The second social security modification would increase the social security retirement test, or earnings limitation, from $2,100 to $2,400 a year effective January 1, 1974. The third of these modifications would make it possible for social security beneficiaries to adopt grandchildren without the requirement that the child must have lived with them and been supported by them for a year before they became entitled to benefits but would require that the children have lived with and been supported by them for a year before the child can become entitled to benefits.

The conferees discussed these changes at great length and concluded that provisions along these lines with some modifications should be adopted and that provision should be made to provide financing to pay for their cost. These modifications are contained within the motion to recede and concur in the Senate amendment with an amendment.

With respect to the social security benefit increase, the motion would provide an increase in social security benefits in the same amount as provided for in the Senate amendment—that is 5.6 percent—but it would be effective for the month of June 1974, rather than April 1974. This would increase benefits to the estimated 30 million beneficiaries then on the rolls by an estimated $1.9 billion for calendar year 1974.

Under the automatic benefit increase provisions that were adopted last year, the first time that an automatic benefit increase can occur is in January 1975. This seemed reasonable at that time when phase II was holding down the rate of inflation fairly successfully. Since that time, however, we moved from phase II to phase III and as a result have witnessed the most rapid rate of price increase that we have seen for many years. Food prices in particular have skyrocketed.

This provision allows the social security beneficiaries to receive a portion of the first automatic benefit increase in their benefit checks for June of next year. Then when the automatic benefit provisions are applied to raise their benefits for January 1975, they will receive a complementary benefit increase which when added to this increase will result in raising their benefits by the same percentage as they would have been increased under the automatic benefit increase provisions.

The motion provides for raising the earnings limitation from the present $2,100 a year to $2,400 a year beginning January 1974, as in the Senate amendment. This increase in the retirement test would provide for additional benefits of $200 million for calendar year 1974 for approximately 1½ million beneficiaries.

The motion would accept the amendment on adopted grandchildren under social security.

The financing for these changes in the law would be provided for by increasing the social security wage base which is used for taxation and benefit computation purposes to $12,600 beginning in 1974. Under present law, the wage base is scheduled to increase from $10,800 in 1973 to $12,000 in 1974 and to be automatically increased in the future as the average level of earnings covered under the social security system increases. Under the amendment provided for in the motion, $12,600 would be the new base figure which would be used to compute automatic increases in the taxable wage base in the future.

AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME AND SOCIAL SERVICES

The Senate amendment, as modified by the proposed amendment, would make a number of warranted changes in the new program of supplemental security income which will replace the State welfare programs for needy aged, blind and disabled persons in January 1974. As enacted last year, basic Federal benefits at that time will be $130 for an individual and $195 for a couple. With the rapid inflation which has occurred since last fall, an increase in these amounts is clearly justified. They would be raised to $140 for an individual and $210 for a couple. The increase would be effective July 1, 1974. This date was chosen because it corresponds with the time that the checks containing the social security benefit increase will be received and it will have no impact on the fiscal year 1974.

A number of features of the program have caused widespread concern. To meet these concerns several provisions were adopted and the first and perhaps most important of these is an assurance that anyone receiving welfare payments under the existing programs for the aged, blind and disabled in December 1973, will not receive a reduction in total income when the program becomes Federal in January 1974. The amount of the supplemental security income payment, together with a State supplementation, if one is necessary to achieve this result, will at least equal the amount of assistance which they receive in December 1973.

This provision would give continuing assurance that persons on the rolls in December 1973 would not lose income as a result of the Federalization of the program. The cost to the States and the Federal Government will decline as fewer and fewer of the December 1973 eligibles are on the rolls. The requirement would not apply where there was a bonafide change in circumstances which reduced need and a specific exception is made for one State which cannot provide State supplementation under its constitution.

One of the major sources of concern in the supplemental security income program has been the lack of any provisions for the so-called "essential persons." These are generally wives of eligible aged recipients who have not themselves reached age 65. In practically all States, some recognition is given to their needs. It accordingly is only fair that those individuals who are currently responsible for larger payments to the recipients be recognized and some provision made for them. The Federal payment in such a case would be increased to $195 a month. This payment of $195 would be increased July 1, 1974, to $210, the same amount as for an individual living with an eligible spouse. The provision would not apply to persons becoming eligible for the supplemental security income program after December 1973. These provisions will do much to make the transition from the 50 different Federal-State assistance programs to the new Federal program smoother than it might otherwise be.

A provision of the Senate amendment would provide that in hiring Federal employees for the supplemental security income program a preference in employment would be given to State and local employees with comparabe qualifications to other candidates and who would be voluntarily displaced when the new supplemental security income program goes into effect.

Another provision of the Senate amendment would establish for the supplemental security income program a requirement that blind applicants might have their blindness determined by either a physician skilled in diseases of the eye or an optometrist, whichever the individual might select. A similar provision has been in title X of the Social Security Act as a requirement for State aid to the blind programs since 1950 and has proved entirely workable.

The conferees discussed their great concern about social service regulations

which are scheduled to become effective July 1, 1973. They are very much concerned that the stringency of the regulations will prevent effective social service programs in the fields of mental retardation, mental health, family planning, obtaining child support, alcohol and drug abuse, and some of the services which have been mandatory for the aged, particularly in the field of protection and avoidance of institutionalization. They believe that changes in the regulations, particularly in these areas are important if effective program are to be maintained and dependency is to be prevented.

The Senate amendment postponed the regulations for 6 months. In order to avoid a hiatus for that period of time, the proposed amendment would make the period 4 months, but if the Department of Health, Education, and Welfare can come up with new regulations satisfying the concerns of the House Committee on Ways and Means and the Senate Committee on Finance before that time, the postponement would then cease. It is understood that the Department will submit revised regulations to the committees prior to the publication of these proposed regulations in the Federal Register. It would be highly desirable that this process be accomplished rapidly so that social service funds are used effectively and that the States will know as soon as possible exactly where they stand.

A companion provision would repeal the so-called 90–10 rule with respect to services for aged, blind, and disabled persons. This provision of Public Law 92–512 provides that at least 90 percent of the services to aged, blind, and disabled persons must be for actual applicants and recipients as compared to potential and former recipients.

MEDICAID CHANGES

The Senate amendment included several provisions which would protect people from loss of eligibility to the medicaid program when the new supplemental security income program becomes effective in January 1974. The House conferees believe that these amendments are meritorious and are ones which would have been made in the last Congress had the consequences of the changeover to a federalized adult assistance program been fully realized. Specifically, the Senate amendment would provide that individuals who were eligible for medicaid in December 1973 will not lose their eligibility for medicaid when the new supplemental security income program goes into effect. Three groups would be protected:

First, the disabled individual who does not meet the Federal definition of disability and who is eligible as a medically needy person,

Second, an individual who is an inpatient in a medical institution whose special needs as an inpatient make him eligible for assistance, and

Third, the eligible spouse of an eligible recipient of aid to the aged, blind, and disabled who is essential to the recipient's welfare.

In addition, the Senate amendment would extend from October 1974 through June 1975, the provision in present law which continues medicaid eligibility for those who would have lost their eligibility by reason of the 20 percent social security benefit increase effective last September. The House conferees believe that this amendment is also meritorious.

The final medicaid provision in the Senate amendment would delete a provision in present law which limits the average per diem costs for skilled nursing facilities and intermediate care facilities to no more than 5 percent a year. The wage-price guidelines which apply to such institutions already perform the type of function intended by this provision and will no doubt continue to do so for some time. The Department of Health, Education, and Welfare estimates that there will be no cost to this provision if the wage-price controls are kept in effect. For these reasons the conferees recommend adoption of this provision.

Mr. HAMMERSCHMIDT. Mr. Speaker, I support the conference report on the Renegotiation Act which includes the additional amendment with provisions for a 5.6 percent social security increase effective July of next year, additional income guarantee for the blind and disabled medically indigent persons from $130 for an individual to $140, and $195 for a couple to $210. I also support the provision that would postpone the effective date of the regulations issued by the Department of Health, Education and Welfare on social service programs. I support that provision that extends the authorization for project grants under the maternal and child health care program until June 30, 1974. There is another important provision that increases the retirement test from $2,100 to $2,400 per year. This is needed action that I endorse.

Earlier in House colloquy there was expressed some concern about the effect of the 5.6-percent social security raise on veterans benefits. As ranking minority member on the Veterans Affairs Committee I am appreciative that this matter has been left to the action of our committee and I assure the Members of the House that we have been holding hearings on the subject pensions.

I know that we all share concern as to the needs of the Nation's war veterans and dependents, especially those who are now subsisting on pension benefits—disabled veterans and survivors of deceased veterans in financial need—and must live on fixed incomes. It has been the feeling of the Committee on Veterans' Affairs of the House as well as the stated position of the administration that something must be done in the near future because the cost of living—as we all know—has been constantly increasing.

As a matter of history, the current pension system which started in the 86th Congress was an attempt to relate the pension payment to need of the veteran, and as it was enacted then, the program fell short of being sensitive to the pensioner's need. When the pensioner's income exceeded the limit of the income ceiling, he could suffer an abrupt reduction in total income.

In 1969, the program was restructured through a formula so that a small increase in income would only bri about a small reduction in pension. A finally in 1972, we came to a formula a proach whereby as outside income i creases, pension is reduced in a less amount, resulting in an increase in tot income for as long as the pensioner re mained entitled to benefits.

During those years, there was a con sistent tendency to increase income lim itations, as well as to broaden exclusion This is particularly evident in th broadening of the exclusions and th increasing of income limitations to mee each increase in social security. Change of this nature have led us to the poin where the entire program has inconsist encies, inequities, and anomalies whic cannot be corrected within the frame work of the law as now constituted.

Therefore, I believe that it is the gen eral consensus of the committee tha this is an appropriate time for an ex amination of the entire pension pro gram with a view toward a basic reform such as was last achieved in 1960, whic will look toward better serving both th veteran population and the general tax payer. In the meantime we may have t have interim legislation to adjust bene fits to the current cost of living. Ulti mately, we are hopeful that we can form ulate legislation to restore the basic phi losophy of the program, which is provid ing a proportionate measure of assist ance to those who need it.

I take this time so that those Members might be brought up to date on activities before our committee under the leadership of our great chairman, WM. JENNINGS BRYAN DORN and chairman of the Subcommittee on Compensation and Pensions, Mr. OLIN TEAGUE.

Mr. MILLS of Arkansas. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion.

Mr. MILLS of Arkansas. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 327, nays 9, present 1, not voting 96, as follows:

[Roll No. 323]

YEAS—327

Abdnor	Breckinridge	Conable
Abzug	Brinkley	Conlan
Adams	Broomfield	Conyers
Addabbo	Brotzman	Corman
Anderson, Calif.	Brown, Calif.	Cotter
	Brown, Mich.	Coughlin
Anderson, Ill.	Broyhill, N.C.	Cronin
Andrews, N.C.	Broyhill, Va.	Culver
Annunzio	Buchanan	Daniel, Dan
Archer	Burke, Mass.	Daniel, Robert W., Jr.
Arends	Burleson, Tex.	
Armstrong	Burlison, Mo.	Davis, Ga.
Ashley	Burton	Davis, S.C.
Bafalis	Butler	Davis, Wis.
Baker	Byron	de la Garza
Barrett	Camp	Dellenback
Bennett	Carey, N.Y.	Dellums
Bergland	Carter	Denholm
Bevill	Casey, Tex.	Diggs
Biaggi	Cederberg	Dingell
Biester	Chamberlain	Donohue
Bingham	Chisholm	Dorn
Boggs	Clausen, Don H.	Downing
Boland		Drinan
Bolling	Cleveland	Dulski
Bowen	Cochran	Duncan
Brademas	Cohen	du Pont
Brasco	Collier	Eckhardt
Bray	Collins, Ill.	Edwards, Ala.

dwards, Calif.
ilberg
rlenborn
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shleman
vans, Colo.
ascell
indley
ish
lood
lynt
oley
ord, Gerald R.
ord, William D.
orsythe
ountain
raser
relinghuysen
renzel
roehlich
Gaydos
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Grasso
Gray
Green, Pa.
Gude
Gunter
Guyer
Haley
Hamilton
Hammer-schmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Harsha
Harvey
Hastings
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Latta
Leggett
Lehman
Litton
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McKay
McKinney
Macdonald
Madigan
Mahon
Mallary
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills, Ark.
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patten
Pepper
Perkins
Peyser
Pickle
Poage
Podell
Preyer
Price, Ill.
Price, Tex.
Pritchard
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roybal
Ruth
St Germain
Sarasin
Sarbanes
Saylor
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Wis.
Stephens
Stokes
Stubblefield
Stuckey
Studds
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague, Tex.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
Whitehurst
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—9

Blackburn
Collins, Tex.
Crane
Dennis
Gross
Hutchinson
Landgrebe
Rarick
Satterfield

PRESENT—1

Goodling

NOT VOTING—96

Alexander
Andrews, N. Dak.
Ashbrook
Aspin
Badillo
Beard
Bell
Blatnik
Breaux
Brooks
Brown, Ohio
Burgener
Burke, Calif.
Burke, Fla.
Carney, Ohio
Chappell
Clancy
Clark
Clawson, Del
Clay
Conte
Daniels, Dominick V.
Danielson
Delaney
Dent
Derwinski
Devine
Dickinson
Evins, Tenn.
Fisher
Flowers
Frey
Fulton
Fuqua
Gettys
Gibbons
Green, Oreg.
Griffiths
Grover
Gubser
Hansen, Wash.
Harrington
Hays
Hébert
Hillis
Huber
Hungate
Hunt
Jones, Ala.
Keating
King
Landrum
Lent
Lujan
McFall
McSpadden
Madden
Mailliard
Mann
Martin, Nebr.
Melcher
Mollohan
Morgan
Nichols
O'Hara
Patman
Pettis
Pike
Powell, Ohio
Quie
Quillen
Rooney, N.Y.
Roush
Rousselot
Roy
Runnels
Ruppe
Ryan
Sandman
Skubitz
Steiger, Ariz.
Stratton
Sullivan
Teague, Calif.
Thompson, N.J.
Tiernan
Udall
Veysey
White
Wiggins
Wright
Wyatt
Wydler
Wylie
Young, Ill.
Zion

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. King.
Mr. Rooney of New York with Mr. Quie.
Mr. Hays with Mr. Mailliard.
Mr. Fulton with Mr. Martin of Nebraska.
Mr. Dominick V. Daniels with Mr. Conte.
Mr. Madden with Mr. Pettis.
Mr. Breaux with Mr. Derwinski.
Mrs. Burke of California with Mr. Keating.
Mr. Fuqua with Mr. Clancy.
Mr. Dent with Mr. Devine.
Mr. Blatnik with Mr. Andrews of North Dakota.
Mr. Fisher with Mr. Dickinson.
Mr. Clay with Mr. Badillo.
Mr. Danielson with Mr. Gubser.
Mr. Morgan with Mr. Grover.
Mr. Evins of Tennessee with Mr. Frey.
Mr. Melcher with Mr. Ashbrook.
Mr. Roush with Mr. Huber.
Mr. Hébert with Mr. Hunt.
Mr. McFall with Mr. Del Clawson.
Mr. Harrington with Mr. Quillen.
Mr. Ryan with Mr. Burke of Florida.
Mr. O'Hara with Mr. Lent.
Mr. Brooks with Mr. Hillis.
Mrs. Green of Oregon with Mr. Lujan.
Mr. Mann with Mr. Powell of Ohio.
Mr. Nichols with Mr. Skubitz.
Mr. Gettys with Mr. Beard.
Mr. Tiernan with Mr. Bell.
Mrs. Sullivan with Mr. Rousselot.
Mr. Stratton with Mr. Ruppe.
Mr. Roy with Mr. Brown of Ohio.
Mrs. Hansen of Washington with Mr. Sandman.
Mr. Chappell with Mr. Steiger of Arizona.
Mr. Clark with Mr. Teague of California.
Mr. Delaney with Mr. Wiggins.
Mr. Jones of Alabama with Mr. Wylie.
Mr. Runnels with Mr. Wyatt.
Mr. Udall with Mr. Young of Illinois.
Mrs. Griffiths with Mr. Wydler.
Mr. McSpadden with Mr. Zion.
Mr. Flowers with Mr. Carney of Ohio.
Mr. Gibbons with Mr. Alexander.
Mr. Hungate with Mr. Aspin.
Mr. Landrum with Mr. Mollohan.
Mr. Pike with Mr. Patman.
Mr. White with Mr. Wright.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENT OF RENEGOTIATION ACT OF 1951—CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on H.R. 7445, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. FANNIN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7445) to amend the Renegotiation Act of 1951 to extend the Act for two years, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of today.)

Mr. LONG. Mr. President, H.R. 7445 as it passed the Senate extended the Renegotiation Act for 1 year, and included a social security benefit increase; an increase in supplemental security income payments; provisions concerning social services, medicaid, and maternal and child health; and included a provision proposed by the Senator from South Dakota (Mr. McGOVERN) relating to the freeze on prices for agricultural commodities.

The Senate conferees on H.R. 7445 have met with the House conferees. Except for the change from a 2-year extension to a 1-year extension of the Renegotiation Act, the Senate provisions were nongermane under the House rules, and the conference report has been brought back in technical disagreement. But the conferees did agree on a set of provisions which I feel the Senate conferees can be quite pleased with. Let me describe these provisions.

SOCIAL SECURITY PROVISIONS

Benefit increase.—The Senate bill provided for a cost-of-living increase to become effective next April. The Senate will recall that we originally passed an increase effective next January. The increase would be set at the percent by which the cost of living has risen between June 1972 and June 1973, estimated to be a 5.6 percent increase.

The House conferees were willing to accept the 5.6 percent increase, but insisted that the effective date be moved from April 1974 back to June 1974. Under the bill agreed to by the conferees, 30 million persons will receive an additional $1.9 billion in increased benefits.

I should like to pay special tribute to the Senator from Connecticut (Mr. RIBICOFF) for his initiative in proposing that the first social security cost-of-living increase become effective earlier than January 1975. I would like to thank him for his excellent support in conference that enabled us to prevail on so many of these amendments benefiting the aged, blind, and disabled. I know he was quite disappointed that the conferees would not agree to a January 1974 effective date.

Mr. RIBICOFF. Mr. President, will the Senator yield at this point?

Mr. LONG. I yield

Mr RIBICOFF. I wish to commend our distinguished chairman for his outstanding work in behalf of the Senate on social security legislation. I cannot help expressing disappointment in the failure of the House to accept the Ribicoff-Long proposal for the social security increase.

In going home every weekend and talking to my people in the State of Connecticut, I have been deeply disturbed about the condition of the social security beneficiaries. They are building social security benefits to pay for their everyday living costs. We have had a fantastic escalation in the cost of living during the past year, to the extent that the situation in which our elderly citizens found themselves is disturbing. So I brought to the attention of our distinguished chairman the need for an increase in benefits now instead of January 1, 1975.

The Committee on Finance went along with our proposal and passed it on to the Senate, to become effective January 1, 1974. I believe that the vote in this body was 86 to 7 to make the social security benefit increase effective as of January 1, 1974.

When we went to conference, there was a great deal of resistance from the House conferees, and there was a compromise of April 1, 1974. To the chagrin of the Senate conferees as well as the House conferees, the other body rejected the compromise as of April 1, 1974.

We went back to conference this morning. The Senate conferees kept insisting at least for the April 1, 1974, date, but to no avail.

Again, I am deeply disappointed, because what we are really talking about is that for the average retired worker without dependents, we are raising the rate from $161 a month to $170 a month, a mere nine dollars. For couples, it would go up from $277 a month to $293 a month, amounting to $16. For widows with two children, we are changing the benefits from $388 a month to $410 a month or an increase of $22.

Of course, we have been able to give substantial increases and substantial benefits; but, unfortunately, they will not take effect until June 1, 1974.

The Senate conferees, in view of the action of the House, had no alternative. But the Senate conferees, I believe, did a magnificent job. I do want to express disappointment in the action of the House and its insensitivity to the problems we recognize in the Senate.

My commendation goes to our distinguished chairman because he, too, had a disappointment because his SSI benefits, affecting some 5 million aged, blind, and infirm, will not go into effect until June 1, 1974. I know how hard he fought for the increases to go into effect on those dates, because it would affect

many millions in our 50 States. But here, too, the House would not yield, and the benefits to this group of beneficiaries will go into effect on July 1, 1974. We did not have any alternative.

My commendation, again, to the brilliant leadership of our chairman, who worked so hard to sustain the Senate position. Overwhelmingly, the Senate positions have been sustained in the last two conferences, and it was unfortunate that we could not get our way entirely when it came to the social security and SSI benefits.

Mr. LONG. I thank the Senator.

INCREASE IN EARNINGS LIMITATION

The Senate bill included an increase in the amount a person can earn with no reduction in social security benefits. Under the Senate bill, this amount would have been increased from $2,100 per year up to $2,400. The Senate earlier voted an increase in the earnings limit up to $3,000 per year. The conferees agreed to raise the earnings limit to $2,400, beginning next January. This provision will mean an additional $300 million in social security benefits for beneficiaries whose work gives them some earnings.

INCREASE IN TAXABLE WAGES

To pay for the increase in the earnings limitation, the conferees agreed to raise taxable wages under social security from $12,000 in 1974 to $12,600. Thereafter, taxable wages will rise automatically as wages rise generally, under the provisions of law enacted last year.

ADOPTED CHILDREN

A proposal suggested by Senator BYRD of West Virginia would have eliminated the requirement in present law that an adopted child, in order to be eligible for social security benefits, have lived with his adoptive parent at least 1 year before the parent retired or became disabled. The Senate bill this time included a limited version of this that the conferees had earlier agreed to. Under the provision agreed to by the conferees, a child adopted by his grandparents will be eligible for social security benefits if he has lived with his grandparents—whether or not they are receiving benefits—and if his natural parents are dead or disabled.

SUPPLEMENTAL SECURITY INCOME

The Senate bill would make some very significant changes in the new Federal supplemental security income program scheduled to become effective next January. I am pleased to say that the House conferees went along with every one of the provisions in the Senate bill.

Unfortunately, the House conferees insisted on a later effective date for one of the major provisions in the Senate bill.

The bill agreed to by the conferees, like the Senate bill, would increase monthly SSI payments from $130 to $140 for an individual and from $195 to $210 for a couple. Under the Senate bill this increase would have been effective beginning next January. The conferees insisted that the effective date be moved back to July 1974. I consider this delay very unfortunate, but we were unable to prevail.

The conferees agreed to the Senate provision which would cover "essential persons" now receiving aid to the aged, blind, or disabled—typically the spouse under age 65 of a person over age 65.

Under the Senate bill, States would be required for at least 1 year to supplement the Federal SSI payment to assure that no current recipient would have his payments reduced when the SSI program goes into effect next January. The provision agreed to by the conferees would extend this requirement indefinitely rather than limiting it to 1 year. Under the bill agreed to by the conferees, as under the Senate bill, an exception is made for cases where the State constitution prevents compliance with this requirement.

The conferees accepted the section of the Senate bill under which the Secretary of Health, Education, and Welfare provides a preference in employment to qualified State and local employees who will be displaced when the new SSI program goes into effect. Finally, the conferees accepted the Senate provision allowing blindness to be determined by an optometrist under the new SSI program, as it is under present State programs of aid to the blind.

Mr. President, more than 5 million persons will receive $325 million in higher SSI payments during the first 12 months under the bill the conferees agreed to because of the higher SSI payments levels. Another 125,000 essential persons will be eligible for $100 million in SSI payments. And under the bill, all present recipients of aid to the aged, blind, and disabled will be protected against a cut in their monthly payment when the new SSI program goes into effect next January.

MEDICAID PROVISIONS

PROTECTING MEDICAID RECIPIENTS FROM LOSS OF ELIGIBILITY

Unless the law is changed, a number of persons will face a loss of their medicaid eligibility when the SSI program goes into effect next January. To prevent this, the Senate bill protected "essential persons," persons in medical institutions, and blind and disabled medically needy persons against loss of medicaid eligibility. I am pleased to say that the House conferees accepted all of these provisions.

EXTENSION OF 1972 MEDICAID SAVINGS CLAUSE

Last year's social security bill contained a savings clause continuing medicaid eligibility for persons who would other wise have become ineligible because the 20 percent social security increase in 1972 raised their incomes above the eligibility level for cash assistance payments. The House conferees agreed to accept the Senate provisions extending this savings through June 1975.

REPEAL OF LIMIT ON NURSING HOME PAYMENTS

The House conferees also agreed to accept the Senate provisions repealing a section in present law which limits to 5 percent the annual increase in allowable average per diem costs for skilled nursing home and intermediate care facilities.

SOCIAL SERVICE

HEW REGULATIONS POSTPONED

Last year the Congress put a $2.5 billion limitation on Federal funds for social services. In May of this year the Department of Health, Education, and Welfare published social services regulation which we in the Senate felt were far ou of line with congressional intent an even out of line with specific provisio of law.

The Senate bill would have postpone for 6 months the effective date of thes regulations to allow the Congress tim to consider statutory changes in the pro visions of law affecting social service The conferees agreed to suspend for months HEW's authority to issue new so cial services regulations. However, tha 4-month period may be shortened if ne changes are proposed by the Departmen of Health, Education, and Welfare be fore that time and are approved by majority of the Committee on Financ and a majority of the Ways and Mean Committee.

The purpose of the conferees, M President, was to give the Departmen another chance to issue social service regulations which will be consistent wit the statute and congressional intent. W will be going over the proopsed new reg ulations with a fine-tooth comb to mak sure they do this before we approv them. So that the Department has good idea what some of our concerns are I want to deall for the record some o the major problems as we discribed them in our committee report:

1. *Family planning services.*—Last year th Congress required States both to offer an promptly provide family planning services t all appropriate AFDC recipients desiring them, and indicated congressional priority for family planning services by increasing Federal matching for these services from 75% to 90%—for persons likely to become dependent on welfare as well as those already on the rolls. Congressional priority is also shown clearly by the inclusion of family planning services in the list of services which can be provided without regard to whether a person is receiving welfare. Yet the regulations permit Federal funds for services to persons not now on welfare only if they "are likely to become applicants for or recipients of financial assistance under the State plan within six months" (Section 221.6(b)(3) of the regulations). Under the regulations, either no family planning services can be provided to persons not now on welfare, or else the only kind of family planning services for which Federal matching would be available in such a case would be abortion (since a woman would have to be 3 months pregnant in order to be likely to become dependent on welfare within 6 months).

2. *Child Support.*—Federal law requires States, as a part of their plan for aid to families with dependent children, to attempt to establish the paternity of children born out of wedlock, to locate fathers who have deserted their families, and to try to collect support payments from these fathers. All of these provisions of Federal law require legal services, yet the HEW regulations (Section 221.9(b)(14)) define Federally matchable legal services as including only "the services of a lawyer in solving legal problems of eligible individuals to the extent necessary to obtain or retain employment. This excludes all other legal services."

3. *Alcoholism and drug abuse.*—Last year's limitation on social service funds listed five high priority categories of services which could be provided without regard to whether the recipient of services was on welfare or not. Included in the high priority list were "services provided to an individual who is a drug addict or alcoholic, but only if such services are needed (as determined in ac-

ordance with criteria prescribed by the Secetary) as part of a program of active treatent of his condition as a drug addict or lcoholic" (section 1130(a)(2)(D) of the ocial Security Act). Certainly, a major aspect of treatment of alcoholics and drug addicts involves medical care. Yet the HEW ocial services regulations (section 221.53(i)) preclude Federal matching for medical services except when related to family planning or to medical examinations which are required for admission to child care facilities or for persons caring for children under welare agency auspices.

4. *Services for the mentally retarded.*—The 1972 legislation similarly list as a high priority item "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 reason of his condition of being mentally retarded" (section 1130(a)(2)(C) of the Social Security Act). Despite this clear statement in the law providing priority for services for mentally retarded persons, these services are not specifically included in the list of services allowable under the new regulations. The regulations only provide that day care services can be made available when appropriate for eligible mentally retarded children (section 221.9(b)(3)) and that until December 31, 1973, other types of eligible services may be provided to mentally retarded individuals without regard to the restrictions on the definition of "potential recipient."

5. *Services to strengthen family life.*—Federal law requires States as a part of their plan for aid to families with dependent children to develop a program of family services defined in section 40(d) of the Social Security Act as "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." Yet the HEW regulations (section 221.8(a)) permit Federal financial participation only for services which support the attainment of the goals of self-support or self-sufficiency.

6. *Mandatory services for the aged.*—In 1962, the Congress added a provision to the old-age assistance program authorizing 75% Federal matching for social services to the aged. In addition, the law stated (section 3(c)(1) of the Social Security Act) that in order for a State to qualify for this 75% matching, the State plan for old-age assistance had to provide that "the State agency shall make available to applicants for or recipient of old-age assistance under such State plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary." Under the former regulations, the Secretary required States to provide information and referral services, protective services, services to enable persons to remain in or return to their homes or communities and services to meet health needs (such as assistance in obtaining medical care and in arranging transportation to obtain medical care).

Under the new regulations a State need provide only one of the "defined services which the State elects to include in the State plan" (section 221.5(a)). One of these defined services is "special services for the blind." Thus in contradiction to the clear language and intent of the law which has been in effect for a decade, the regulations would no longer require States to provide services to the aged which will help them to attain or retain capability for self-care.

7. *Former and potential welfare recipients.*—Another feature written into the Social Security Act in 1962 authorized 75 percent Federal mtaching for social services for former or potential welfare recipients, with the Secretary permitted to specify the time periods within which an individual was to be considered a former or potential recipient. For example, under aid to families with dependent children, 75 percent Federal matching is authorized for services "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 (emphasis added; section 403(a)(A)(ii) of the Social Security Act). Similar language is found in the programs of aid to the aged, blind, and disabled.

The prior regulations specified that former recipients were those who had received assistance within the past two years, while potential recipients were those likely to become dependent on assistance within five years. The new regulations set the period for former recipients at three months and for potential recipients at six months, but in the latter case they go considerably further than the regulatory authority conferred by the statute by setting specific income limits related to welfare payment levels and requiring that applicants for services meet an assets test related to the cash assistance assets test and payment level (section 221.6(c)(3) of the regulations as modified on June 1, 1973).

SERVICES FOR THE AGED, BLIND AND DISABLED

Under the social services limitation we enacted last year, at least 90 percent of the funds spent on social services must go for services to persons receiving public assistance; an exception is made for certain high priority services. The Senate bill included a provision to exempt services for the aged, blind, and disabled from the 90 percent requirement. I am pleased to say that the House conferees agreed to this provision also.

M'GOVERN PRICE FREEZE AMENDMENT

Mr. President, as I discussed earlier, the conferees were unwilling to accept the McGovern amendment on the price freeze for agricultural commodities. The Senate has already passed the measure a second time as an amendment to the istle fiber bill.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HELMS. The distinguished Senator from Louisiana and the distinguished Senator from Connecticut discussed the social security benefits. I do not think anything was said about the effective increase in the social security tax. Would the Senator like to discuss that?

Mr. LONG. Yes. To pay for the increase in the earnings limitation, the conferees agreed to raise taxable wages under social security from $12,000 in 1974 to $12,600. Thereafter, the taxable wages will rise automatically as wages rise generally under provisions enacted last year.

Mr. HELMS. I have done a little study of this matter, and in the RECORD of 2 or 3 days ago, on page S12095, I note this sentence in the bill:

> Nothing in this section shall be construed to authorize any increase in the contribution and benefit rates.

This is what the Senate approved originally? Is that correct?

Mr. LONG. Yes.

Mr. HELMS. The point I am making is that the effective increase——

Mr. LONG. May I explain? The Senate added an amendment increasing the social security earnings limit. The House insisted upon increasing revenues to pay for the provision by increasing the wage base. This was also strongly advocated by the Secretary of the Treasury, for budgetary reasons, and it was in considerable measure because of the fiscal responsibility involved in the action of the conferees that we are now advised that the President will be urged by this Cabinet member to sign the bill, and that the probability is that he will sign it.

Mr. HELMS. I hope the Senator will not misunderstand my inquiry. I fervently believe in the concept that Congress ought to provide money for everything it appropriates, instead of going into debt. I am the original balanced budget man, as the Senator knows.

What I should like to point out is that neither the Senate nor the House, if my recollection is correct, had the increase included in the original bill. Is that correct?

Mr. LONG. That is correct.

Mr. HELMS. The distinguished Senator from Connecticut, in fact, said on the floor:

> This 5.6-percent increase in benefits would not require an increase in the Social Security tax or the taxable wage base. It would be financed completely out of the large surplus in the Social Security trust fund.

I suggest to my friend from Louisiana that perhaps that "large" surplus is not so large after all.

The point I am making, and I shall be brief, is that the social security tax hits hard at the middle income wage earner. I hope that in the future when we increase taxes in any form we will keep that in mind. I say that in the frame of reference that I thoroughly approve of our being fiscally responsible in assessing taxes to cover expenditures. I think in the past there has been too much of this business of appropriating money that the Government does not have.

Mr. LONG. The tax increase which, of course, takes the form of increasing the amount of wages, taxable, is a House amendment to the Senate amendment.

Mr. HELMS. I understand.

Mr. LONG. The addition of this by the House in considerable measure, probably contributed to the fact that the House agreed to the legislation by an overwhelming vote. The added fiscal responsibility, which is implicit in the measure on which we are now acting, undoubtedly plays its part in having a legislative proposal which failed of enactment on yesterday to one which passed the House by an overwhelming vote today.

I am very pleased that where men differed so vehemently and stringently 24 hours ago we managed to arrive at a point where there is not much controversy in the bill.

Mr. HELMS. I commend the Senator from Louisiana and all others connected with the legislation, because it is fiscal responsibility.

If I may shift from the trust fund situation to the non-trust fund, I am alarmed that the national debt is costing us $40,000 a minute, 60 minutes an hour, 24 hours a day, 365 days a year.

Really, I rose to compliment the Sena-

tor from Louisiana on the fiscal responsibility that has been shown.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will report the amendment in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed in the said amendment, insert:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretay of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of his section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor, for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after May 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described insubsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after May 1974) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

SEC. 202. (a) Pargraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$200".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

SEC. 203. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(b)(1) Section 1402(h)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Effective wtih respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$12,600".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,600".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,000" each place it appears and inserting in lieu thereof "$12,600".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) Effective June 1, 1974, the Secretary Health, Education, and Welfare shall p scribe and publish in the Federal Regis such modifications and extensions in table contained in section 215(a) of Social Security Act (which shall be det mined in the same manner as the revisi in such table provided for under sect 215(i)(2)(D) of such Act) as may be nec sary to reflect the amendments made by t section; and such modified and extend table shall be deemed to be the table appe ing in such section 215(a).

PART B—PROVISIONS RELATING TO FEDE PROGRAM OF SUPPLEMENTAL SECURITY INCO

INCREASE IN SUPPLEMENTAL SECURITY INCO BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) a section 1611(b)(1) of the Social Secur Act (as enacted by section 301 of the Soc Security Amendments of 1972) are ea amended by striking out "$1,560" and inse ing in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and secti 1611(b)(2) of such Act (as so enacted) a each amended by striking out "$2,340" a inserting in lieu thereof "$2,520".

(c) The amendments made by this secti shall apply with respect to payments f months after June 1974.

SUPPLEMENTAL SECURITY INCOME BENEFITS F ESSENTIAL PERSONS

SEC. 211. (a)(1) In determing (for pu poses of title XVI of the Social Security A as in effect after December 1973) the elig bility for and the amount of the suppl mental security income benefit payable any qualified individual (as defined in sub section (b)), with respect to any period f which such individual has in his home essential person (as defined in subsecti (c))—

(A) the dollar amounts specified in sub section (a)(1)(A) and (2)(A), and subse tion (b)(1) and (2) of section 1611 of suc Act, shall each be increased by $840 ($780 the case of any period prior to July 1974 for each such essential person, and

(B) the income and resources of such ind vidual shall (for purposes of such tit XVI) be deemed to include the income an resources of such essential person;

except that the provisions of this subsectio shall not, in the case of any individual, b applicable for any period which begins in c after the first month that such individual—

(C) does not but would (except for th provisions of subparagraph (B)) meet—

(i) the criteria established with respect t income in section 1611(a) of such Act, or

(ii) the criteria established with respect t resources by such section 1611(a) (or, if ap plicable, by section 1611(g) of such Act),

(2) The provisions of section 1611(g) o the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources o any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own

ght) for aid or assistance under such State an for such month.

(c) The term "essential person", when used connection with any qualified individual, eans a person who—

(1) for the month of December 1973 was a erson (described in subsection (b)(2)) hose needs were taken into account in dermining the need of such individual for aid assistance under a State plan referred to subsection (b)(1) as such State plan was effect for June 1973.

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) r supplemental security income benefits nder title XVI of the Social Security Act (as effect after December 1973), and

(4) is not the eligible spouse (as that term used in such title XVI) of such individual any other individual.

If for any month after December 1973 ny person fails to meet the criteria specied in paragraph (2), (3), or (4) of the receding sentence, such person shall not, r such month or any month thereafter e considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State other than the Commonwealth of Puerto ico, Guam, or the Virgin Islands) to be ligible for payments pursuant to title XIX, ith respect to expenditures for any quarter eginning after December 1973, such State ust have in effect an agreement with the ecretary of Health, Education, and Welfare hereinafter in this section referred to as he "Secretary") whereby the State will proide to individuals residing in the State upplementary payments as required under aragraph (2).

(2) Any agreement entered into by a State ursuant to paragraph (1) shall provide that ach individual who—

(A) is an aged, blind, or disabled indiidual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was recipient of (and was eligible to receive) id or assistance (in the form of money ayments) under a State plan of such State (approved under title I, X, XIV, or XVI, f the Social Security Act)

hall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974, and ending with whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A); except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(1)(A), (2), or (3), 1611(f), and 1615(c) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income benefit to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a benefit described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI or such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an admiinstration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For the purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference, as among applicants whose qualifications are reasonably equal (subject to any preferences conferred by law or regulation on individuals who have been Federal employ-

ees and have been displaced from such employment), to applicants for employment who are or were employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act and are or were involuntarily displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—SOCIAL SERVICES

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 220. (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 November 1, 1973, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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, unless such regulation or modification has been approved, prior to its being proposed, by the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

SEC. 221. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

PART D—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 230. In the case of any State plan (approved under title XIX of the Social Security Act) which for December 1973 provided medical assistance to persons described in section 1905(a)(vi) of such Act, there is hereby imposed the requirement (and such State plan shall be deemed to require) that medical assistance under such plan be provided to each such person (who for December 1973 was eligible for medical assistance under such plan) for each month (after December 1973) that—

(1) the individual (referred to in the last sentence of section 1905(a) of such Act) with whom such person is living continues to meet the criteria (as in effect for December 1973) for aid or assistance under a State plan (referred to in such sentence), and

(2) such person continues to have the relationship with such individual described in such sentence and meets the other criteria (referred to in such sentence) with respect to a State plan (so referred to) as such plan was in effect for December 1973.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 231. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for all (or any part of) the month of December 1973—

(1) was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2)(A) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act, or

(B) was, on the basis of his need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility for medical assistance under a State plan approved under title XIX of such Act (whether or not such individual actually received aid or assistance under a State plan referred to in subparagraph (A).

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individu eligible for such assistance under this s tion.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902((10) of the Social Security Act, any indivi ual who, for the month of December 1973 w eligible (under the provisions of subpar graph (B) of such section) for medical a sistance by reason of his having been det mined to meet the criteria for blindness disability (established by a State plan a proved under title I, X, XIV, or XVI of su Act), shall be deemed to be a person d scribed as being a person who "would, needy, be eligible for aid or assistance und any such State plan" in subparagraph (B) (of such section for each month in a contin ous period of months (beginning with t month of January 1974), if, for each mon in such period, such individual continues meet the criteria for blindness or disabili so established by such a State plan (as it w in effect for December 1973). Federal matc ing under title XIX of the Social Security A shall be available for the medical assistan furnished to individuals eligible for such a sistance under this section.

EXTENSION OF SECTION 249E OF SOCIAL SECURIT AMENDMENTS OF 1972

SEC. 233. Section 249E of the Social Secu ity Amendments of 1972 is amended by stri ing out "October 1974" and inserting in lie thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURIT AMENDMENTS OF 1972

SEC. 234. (a) Section 1903 of the Soci Security Act is amended by striking out sub section (j) thereof (as added by section 22 of Public Law 92-603).

(b) The amendment made by subsectio (a) shall be applicable in the case of expend itures for skilled nursing services and fo intermediate care facility services furnishe in calendar quarters which begin after De cember 31, 1972.

PART E—PROVISIONS RELATING TO CHILD' SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 240. (a) Section 202(d)(8)(D)(ii) o the Social Security Act is amended by strik ing out "and" at the end thereof and insert ing in lieu thereof "or (III) if he is a individual referred to in either subparagraph (A) or subparagraph (B) and the child i the grandchild of such individual or his o her spouse, for the year immediately before the month in which such child files his o her application for child's insurance benefits and".

(b) The amendment made by subsectio (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis o applications for such benefits filed in o after the month in which this Act is enacted

Mr. LONG. Mr. President, I move that the Senate concur in the House amendment to the Senate amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 133

July 5, 1973

1973 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,
and Technical Employees

On June 30 the Congress passed and sent to the President H. R. 7445, a bill which provides for an extension of the Renegotiation Act of 1951. As you know, the bill contains amendments to the Social Security Act, including several provisions affecting social security cash benefits and the supplemental security income program.

Enclosed is a summary of the cash benefits, supplemental security income, and Medicaid provisions of the bill. Also enclosed are (1) tables showing the growth of the cash benefits and hospital insurance trust funds over the next five years and an accompanying text describing the underlying assumptions used in the preparation of the table on the cash benefits trust funds, and (2) a table showing the estimated effect of a 5.6-percent benefit increase on monthly benefits in current-payment status as of June 30, 1974.

Arthur E. Hess
Acting Commissioner

Enclosures

SUMMARY OF THE PROVISIONS IN H.R. 7445 (P.L. 93- *)
RELATING TO SOCIAL SECURITY CASH BENEFITS,
SUPPLEMENTAL SECURITY INCOME AND MEDICAID

Social Security Cash Benefits Provisions

1. Increase in social security benefits

The new law provides for an across-the-board increase in regular social security benefits and in the special age-72 payments, effective for the month of June 1974 (payable in the check dated July 3, 1974), with the amount of the increase to be determined by the percentage increase in the Consumer Price Index from June 1972 through June 1973. It is estimated that this increase will be about 5.6 percent--the precise figure will be known in the latter part of this month when the CPI for June 1973 is available.

Assuming the rise in the CPI from June 1972 through June 1973 produces a 5.6 percent increase for June 1974, the minimum benefit will rise from $84.50 to $89.30, and the maximum for a worker retiring at 65 in 1974 will rise from $274.60 to $290. The maximum for a couple (both age 65 in 1974) will go from $411.90 to $435. At the end of June 1974, the average benefit under social security for a retired worker will be $176 and for a couple $294.

Under the automatic adjustment provisions of the law, social security benefits are expected to increase in 1975. The (5.6 percent) benefit increase in the new law is in effect an advance payment of part of the 1975 increase. The benefit levels that will take effect for January 1975 will be the same as they would have been under the 1972 legislation.

2. Increase in the contribution and benefit base

The contribution and benefit base (the maximum amount of annual earnings counted for social security contributions and benefits) for 1974 is also increased under the amendments, to $12,600 in 1974 rather than to $12,000 as under prior law. Although some workers will pay increased contributions, the protection they will get under social security is greater than they would have had under prior law. Unlike the benefit increase provision, the contribution and benefit base change will affect the level of the base in future years. The first automatic adjustment expected for 1975, and all future automatic adjustments in the base, will reflect the $12,600 base for 1974 rather than the $12,000 amount in prior law.

7/5/73

*The bill was awaiting the President's signature when this summary went to press.

3. Liberalization of the retirement test

The annual exempt amount of earnings is increased from $2,100 to $2,400, effective with taxable years beginning after December 31, 1973. Benefits will be reduced by $1 for each $2 of earnings above $2,400. The amount of wages a beneficiary may earn in a month and still receive full benefits for the month--regardless of annual earnings in excess of $2,400--is raised from $175 to $200.

About 1,440,000 persons who would have received some benefits for months in calendar year 1974 under the provisions of prior law will receive more benefits, and about 100,000 persons who would not have received any benefits for months in calendar year 1974 under prior law will receive some benefits.

Future automatic adjustments of the test to reflect increases in general earnings levels, provided under the 1972 legislation, will be added to $2,400 and $200, respectively, rather than to $2,100 and $175.

4. Adoptions by old-age and disability insurance beneficiaries

The new law also changes the living-with and support requirements in certain cases of a child adopted after a worker becomes entitled to old-age or disability insurance benefits. Under prior law, a child adopted by a retired or disabled worker after such worker became entitled to social security benefits would become eligible for child's benefits based on the worker's earnings if, among other requirements, the child was living with and receiving at least one-half of his support from the worker for the year immediately before the worker became disabled or entitled to old-age or disability insurance benefits.

The new law provides that, in cases where a child is adopted by a grandparent or a stepgrandparent, the child can receive benefits if he was living with and receiving at least one-half of his support from such grandparent or stepgrandparent for the year before the month in which an application for child's insurance benefits based on the worker's earnings is filed.

Supplemental Security Income Provisions

1. Increase in payment levels

In order to assure that SSI recipients, as well as social security beneficiaries, receive increased income to compensate for the rise in the cost of living, the new law provides for an increase in the SSI payment levels from $130 to $140 per month for an individual and from $195 to $210 per month for a couple, effective for July 1974.

2. Essential persons

The new law includes an amendment relating to "essential persons"--people whose needs are taken into account under current State plans as persons whose presence in the household is considered necessary to provide care and essential services for public assistance recipients. (Under P.L. 92-603, the Social Security Amendments of 1972, SSI payments can be made only on account of needy persons who are aged 65 and over, blind, or disabled.) The amendment provides for an increase in the payment level of $65 per month, effective January 1974, for individuals who in December 1973 were receiving payments under a State plan which took account of essential persons in the household; the increase will rise to $70 per month, effective July 1974 and thereafter. Under the amendment the income and resources of the eligible individual or couple will be deemed to include the income and resources of the essential person and their combined countable income will be deducted from the increased payment level in order to determine the payment amount for which the individual or couple is eligible. Eligibility for such increased payments will apply only in the case of a person included as an essential person in December 1973 and will cease at such time as the person no longer lives with the eligible individual, becomes eligible for SSI in his or her own right or becomes the eligible spouse of an eligible individual. Most of the 125,000 essential persons who will be covered by the amendment are ineligible spouses, but the essential person category under current State plans also includes other relatives and non-relatives of the public assistance recipient.

3. State supplementation

The new law also includes an amendment designed to protect recipients on the State rolls as of December 31, 1973, against reduction of income. The amendment provides, effective January 1974, that in order to be eligible for Federal matching funds for Medicaid, States must enter into agreements with the Secretary of Health, Education, and Welfare whereby the States will maintain the income of each December 1973 aged, blind, or disabled recipient at his December 1973 income level. Under such an agreement, the State supplementary payment will equal the difference between (1) the amount of the public assistance payment the recipient would receive for December 1973 (under the plan as in effect for June 1973) plus the recipient's other income and (2) the SSI payment to the recipient plus the recipient's other income. The supplementary payment could be reduced, at the State's option, by the amount payable to the recipient on account of a special need or special living arrangement--e.g., a housing allowance or the inclusion of an essential person--if the circumstance that made the recipient eligible for such a special needs payment changed in a way that would have caused a reduction under the State plan.

Under the amendments, a State may enter into an agreement for Federal administration of its supplementary payments to current recipients. Such federally administered supplementary payments could, if the State entered into an agreement under section 1616 for federally administered supplementation, be considered as payments made according to the agreement under section 1616, and would be held harmless up to the amount of the State's adjusted payment level.

Exemption from the State supplementation requirement under the new law is granted for a State which has, prior to July 1, 1973, been found by its Attorney General or other appropriate official to be prohibited by its constitution from entering into an agreement required by the amendment. (This provision is intended to relieve the Texas constitutional problem.)

4. Hiring of State and local personnel

The amendments also provide that in the recruitment and hiring of new personnel to administer the SSI program preference will be shown to any person presently or formerly employed in the administration of any State program approved under title I, X, XIV, or XVI who involuntarily lost or will lose such employment due to the displacement of such State program by the SSI program. Such preference for displaced State and local employees will, however, be subject to preferences conferred by law or regulations on displaced Federal employees.

5. Determinations of blindness

In addition, the amendments make it explicit that an examination to determine whether an individual is blind may, for purposes of the SSI program, be made by either a physician skilled in eye diseases or by an optometrist, whichever the individual may select.

Medicaid Provisions

1. Coverage of essential persons

Under many current State Medicaid plans, essential persons, usually the spouses (themselves under age 65) of aged assistance recipients, are eligibile for Medicaid coverage. Under the Social Security Amendments of 1972 this coverage would cease in January 1974. The new law protects the Medicaid eligibility of essential persons who were eligible for Medicaid for December 1973 as long as they continue to meet the criteria for essential persons under the State plans.

2. Persons in medical institutions

In some States persons who would be eligible for assistance payments under the present Federal-State programs if they were not inpatients in Medicaid institutions are covered under Medicaid. Under the Social Security Amendments of 1972, some of these persons will not be eligible for supplemental security income benefits and therefore will not be eligible for Medicaid coverage. The new law continues Medicaid protection to such persons if they were covered by Medicaid and were inpatients in Medicaid institutions in December 1973, provided they continue to require inpatient care in such institutions for months after December 1973.

3. Blind and disabled medically indigent persons

A provision of the amendments grandfathers in for Medicaid eligibility purposes the States' definitions of blindness and disability for persons who were not public assistance recipients but who were eligible for Medicaid for December 1973 under State programs for the medically indigent (persons whose income and resources are too large to permit eligibility for cash assistance but too small to meet the costs of medical or remedial care and services). This provision is designed to prevent loss of Medicaid eligibility for the medically indigent who are disabled or blind under State definitions but would not be under the SSI definitions of disability or blindness. (The 1972 Amendments grandfathered into the SSI program the States' definitions for cash assistance recipients only.)

4. Prevention against loss of Medicaid eligibility on account of 1972 social security benefit increase

The Social Security Amendments of 1972 preserved Medicaid eligibility until October 1974 for persons who otherwise would have become ineligible by reason of increased income resulting from the 20 percent increase in social security benefits effective for September 1972. The new law will extend this protection of Medicaid eligibility until July 1975.

MEMORANDUM July 2, 1973

FROM: Lawrence Alpern ACT: B

SUBJECT: Estimates of Progress of the OASI and DI Trust Funds under H.R. 7445 (A Bill to Extend the Renegotiation Act for 2 Years) As Passed by the Congress, June 30, 1973

The attached tables present estimates of the operations of the OASI and DI trust funds during calendar years 1973-77 under the system as modified by H.R. 7445 as passed by the Congress June 30, 1973. The estimates are based on the assumption that a special benefit increase of 5.6% will be effective for, and limited to, the 7-month period June - December 1974 and that the automatic provisions in present law will not be affected--that is, that the automatic provisions will be operative effective January 1975 as though the special benefit increase had not been enacted.

H.R. 7445, as passed, contains the following additional provisions that have significant cost effects:

(1) The contribution and benefit base for 1974 is increased from $12,000, in present law, to $12,600.

(2) The annual exempt amount for 1974 under the retirement test is increased from $2,100, in present law, to $2,400.

(3) The dates in present law when the provisions governing the automatic increases in the earnings base and in the retirement test annual exempt amount first become operative remain unchanged. However, the increased earnings base and exempt amount will be figured using the higher amounts in H.R. 7445 and not the amounts in present law.

The estimates are shown on two alternative bases:

(1) A 7.1% automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official government projections made in the spring of 1973 as to the growth in the Gross National Product and as to the rate of increase in the Consumer Price Index (CPI).

(2) A 8.5% automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April and May 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat less rapid decline in the rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates presented in the accompanying tables, under present law and under the system as modified by H.R. 7445, reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of 1975 and 1977 (amounts for 1974 are also shown as a basis for comparison):

Year	General benefit increase 1/	Contribution and benefit base	Annual exempt amount under the retirement test
		Present law	
1974	---	$12,000	$2,100
1975	7.1% and 8.5%	12,900	2,280
1977	5.7%	14,400	2,520
		Modified system	
1974	5.6%	$12,600	$2,400
1975	7.1% and 8.5%	13,500	2,520
1977	5.7%	15,000	2,760

1/ Under the system as modified by H.R. 7445, the general benefit increase, assumed to be 5.6%, is effective for June 1974. The 1975 automatic benefit increase will be figured on the rates in effect in 1973 under present law and not on top of the special 1974 benefit increase provided in H.R. 7445.

The ratio of assets at the beginning of the year to expenditures during the year for the OASI and DI trust funds, combined, is shown in the following table for the 7.1% and the 8.5% benefit increase assumptions:

Calendar year	Ratio of "Assets to Expenditures"			
	7.1% Increase		8.5% Increase	
	Present law	Modified system	Present law	Modified system
1973	.80	.80	.80	.80
1974	.78	.75	.78	.75
1975	.76	.74	.76	.73
1976	.77	.76	.75	.73
1977	.76	.75	.72	.71

Lawrence Alpern
Deputy Chief Actuary

Attachments

Old-Age, Survivors, and Disability Insurance System as Modified by
H.R. 7445 as Passed by Congress June 30, 1973

Progress of the OASI and DI trust funds, combined, under present law
and under the system as modified by H.R. 7445,
with 2 alternative assumptions relating to
the automatic benefit increase effective January 1975,
calendar years 1973-77

(In billions)

Calendar year	Income				Outgo			
	7.1% increase		8.5% increase		7.1% increase		8.5% increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modif syst
1973	$55.3	$55.3	$55.3	$55.3	$53.7	$53.7	$53.7	$53.
1974	61.3	61.9	61.3	61.9	57.1	58.8	57.1	58.
1975	66.8	67.5	66.8	67.5	63.5	64.2	64.3	64.
1976	70.7	71.6	70.7	71.6	66.9	67.3	67.8	68.
1977	76.3	77.2	76.2	77.1	73.7	74.0	74.7	75.

Calendar year	Net increase in funds				Assets, end of year			
	7.1% increase		8.5% increase		7.1% increase		8.5% increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modifi syste
1973	$1.6	$1.6	$1.6	$1.6	$44.3	$44.3	$44.3	$44.3
1974	4.2	3.1	4.2	3.1	48.5	47.5	48.5	47.5
1975	3.3	3.3	2.5	2.6	51.8	50.8	51.0	50.0
1976	3.8	4.4	2.9	3.4	55.6	55.2	53.9	53.4
1977	2.7	3.2	1.6	2.1	58.3	58.3	55.5	55.5

See accompanying text for underlying assumptions.

Social Security Administration
Office of the Actuary--Baltimore
July 2, 1973

HI TRUST FUND PROJECTION

Progress of the HI trust fund under the system
as modified by the financing provisions of H.R. 7445
calendar years 1972-77

(in billions)

Calendar Year	Total Income	Total Outgo	Net Increase In Funds	Assets at End Of Year
1972				$ 2.9
1973	$11.4	$ 8.1	$3.4	6.3
1974	13.2	9.8	3.4	9.7
1975	14.5	11.5	3.0	12.7
1976	15.5	13.0	2.4	15.2
1977	16.7	14.7	2.0	17.1

Note: Figures may not add exactly due to rounding

Total Income based on a $12,600 wage base in 1974, automatic increases thereafter

Total Disbursements based on figures consistent with the 1973 Trustees' Report

Office of the Actuary
July 5, 1973

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED
BY H.R. 7445 AS PASSED BY CONGRESS, JUNE 30, 1973

Estimated effect of special benefit increase, effective June 1974, on average monthly benefit amounts in current-payment status at the end of June 1974, for selected beneficiary groups

Beneficiary Group	Average monthly amount	
	Present law	Modified system
1. Average monthly family benefits:		
Retired worker alone (no dependents receiving benefits)	$162	$171
Retired worker and aged wife, both receiving benefits	278	294
Disabled worker alone (no dependents receiving benefits)	180	190
Disabled worker, wife, and 1 or more children	359	379
Aged widow alone	158	168
Widowed mother and 2 children	389	411
2. Average monthly individual benefits:		
All retired workers (with or without dependents also receiving benefits)	167	176
All disabled workers (with or without dependents also receiving benefits)	186	196

Note.--It is assumed that the special benefit increase effective for June 1974 will be 5.6 percent.

Social Security Administration
Office of the Actuary--Baltimore
July 2, 1973

Public Law 93-66
93rd Congress, H. R. 7445
July 9, 1973

An Act

To extend the Renegotiation Act of 1951 for one year, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102 (c)(1) of the Renegotiation Act of 1951 (50 U.S.C. App., sec. 1212 (c)(1)) is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974". Renegotiation Act of 1951, and Social Security Act, amendments. 70 Stat. 786; 85 Stat. 97.

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972. 42 USC 401.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after May 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1975. Effective date.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a). 86 Stat. 412, 1334. 42 USC 415.

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after May 1974) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act); 86 Stat. 415. 42 USC 403.

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act). 86 Stat. 416, 1370. 42 USC 430.

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202 86 Stat. 1341.

86 Stat. 1336.
72 Stat. 1017; 86 Stat. 1334.
42 USC 402, 403.
86 Stat. 1341.

(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

SEC. 202. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$200".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

Effective date.

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

86 Stat. 418.
42 USC 409.

SEC. 203. (a)(1) Section 209 (a)(8) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

42 USC 411.

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

42 USC 413.

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

42 USC 415.

(4) Section 215(e)(1) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

86 Stat. 419.
26 USC 1402.

(b)(1) Section 1402(h)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

Effective date.

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$12,600".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,600".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,000" each place it appears and inserting in lieu thereof "$12,600".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

86 Stat. 417.
42 USC 430.

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

86 Stat. 419.
26 USC 3121, 3122, 3125, 6654.

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

Effective date.

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

Publication in Federal Register.

(f) Effective June 1, 1974, the Secretary of Health, Education, and Welfare, shall prescribe and publish in the Federal Register such

modifications and extensions in the table contained in section 215(a) of the Social Security Act (which shall be determined in the same manner as the revisions in such table provided for under section 215(i)(2)(D) of such Act) as may be necessary to reflect the amendments made by this section; and such modified and extended table shall be deemed to be the table appearing in such section 215(a). 86 Stat. 406, 1369. 42 USC 415. 86 Stat. 414.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680". 86 Stat. 1466. 42 USC 1382.

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

(c) The amendments made by this section shall apply with respect to payments for months after June 1974. Effective date.

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplemental security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))— 86 Stat. 1465. 42 USC 1381.

(A) the dollar amounts specified in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 ($780 in the case of any period prior to July 1974) for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and 86 Stat. 1484. 42 USC 301, 1201, 1351.

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

"Essential person."

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

86 Stat. 1465.
42 USC 1381.

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for

79 Stat. 343;
86 Stat. 1426.
42 USC 1396.

payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted

86 Stat. 1471.
42 USC 1382c.

by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under

86 Stat. 1484.
42 USC 301, 1201, 1351.

title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974, and ending with whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section

86 Stat. 1467.
42 USC 1382, 1382d.

1611(e)(1)(A), (2), or (3), 1611(f), or 1615(c) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection

shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

86 Stat. 1484, 1465. 42 USC 301, 1201, 1351, 1381.

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income benefit to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a benefit described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

86 Stat. 1484, 1465.
42 USC 301, 1201, 1351, 1381.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

42 USC 1382a.

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

86 Stat. 1485.
42 USC 1382e note.
42 USC 1382e.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State

Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act. 86 Stat. 1474. 42 USC 1382e.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference, as among applicants whose qualifications are reasonably equal (subject to any preferences conferred by law or regulation on individuals who have been Federal employees and have been displaced from such employment), to applicants for employment who are or were employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act and are or were involuntarily displaced from their employment as a result of the displacement of such State program by such Federal program. 42 USC 1381. 86 Stat. 1484. 42 USC 301, 1201, 1351.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended— 86 Stat. 1478. 42 USC 1383b.

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—SOCIAL SERVICES

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 220. (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 November 1, 1973, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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, unless such regulation or modification has been approved, prior to its being proposed, by the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. 42 USC 303, 602, 603, 803, 1203, 1353, 1383.

(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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except

as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

80 Stat. 383. (c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

86 Stat. 945. 42 USC 1320b. SEC. 221. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid 42 USC 603. under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof 42 USC 601. "under the State plan approved under part A of title IV".

PART D—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

79 Stat. 343; 86 Stat. 1426. 42 USC 1396. 79 Stat. 351. 42 USC 1396d. SEC. 230. In the case of any State plan (approved under title XIX of the Social Security Act) which for December 1973 provided medical assistance to persons described in section 1905(a)(vi) of such Act, there is hereby imposed the requirement (and such State plan shall be deemed to require) that medical assistance under such plan be provided to each such person (who for December 1973 was eligible for medical assistance under such plan) for each month (after December 1973) that—

(1) the individual (referred to in the last sentence of section 1905(a) of such Act) with whom such person is living continues to meet the criteria (as in effect for December 1973) for aid or assistance under a State plan (referred to in such sentence), and

(2) such person continues to have the relationship with such individual described in such sentence and meets the other criteria (referred to in such sentence) with respect to a State plan (so referred to) as such plan was in effect for December 1973.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

PERSONS IN MEDICAL INSTITUTIONS

42 USC 1396a. SEC. 231. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for all (or any part of) the month of December 1973—

(1) was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2)(A) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act, or

(B) was, on the basis of his need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility for medical assistance under a State plan approved under title XIX of such Act (whether or not such individual actually received aid or assistance under a State plan referred to in subparagraph (A)),

86 Stat. 1484, 1465. 42 USC 301, 1201, 1351, 1382. 79 Stat. 343; 86 Stat. 1426. 42 USC 1396.

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973). Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section. 42 USC 1396a.

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 233. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975". 86 Stat. 1429. 42 USC 1396a note.

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 234. (a) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603). 86 Stat. 1396.

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972. 42 USC 1396b. Effective date.

PART E—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

86 Stat. 1346.
42 USC 402.

SEC. 240. (a) Section 202(d)(8)(D)(ii) of the Social Security Act is amended by striking out "and" at the end thereof and inserting in lieu thereof "or (III) if he is an individual referred to in either subparagraph (A) or subparagraph (B) and the child is the grandchild of such individual or his or her spouse, for the year immediately before the month in which such child files his or her application for child's insurance benefits, and".

Effective date.
42 USC 401.

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

Approved July 9, 1973.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 93-165 (Comm. on Ways and Means) and No. 93-365 (Comm. Of Conference).
SENATE REPORT No. 93-240 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 119 (1973):
May 9, considered and passed House.
June 30, considered and passed Senate, amended; House agreed to conference report, receded and concurred in Senate amendment with an amendment; Senate agreed to conference report and House amendment.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 9, No. 28:
July 11, Presidential statement.

FOR IMMEDIATE RELEASE July 11, 1973

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Since this Administration took office, social security benefits have increased by more than 50 percent and several major reforms have been made in the Social Security System.

I am pleased to have signed legislation which further contributes to these improvements. It is H.R. 7445, a bill which amends the social security and Federal income maintenance programs while also extending the Renegotiation Act of 1951 for 1 year.

The critical feature of this bill for almost 30 million Americans is an increase in social security benefits of more than 5 percent next year in order to meet the rising costs of living.

I have long held that social security cannot contribute to genuine financial security until it provides an automatic means of compensating for cost-of-living increases. Last year, when social security increases of some 20 percent were enacted, the Congress approved my proposal providing for an escalator in benefits so that recipients will automatically be protected against inflation.

The first automatic adjustments under this new system, however, will not occur until January 1975. In the interim, elderly Americans on fixed incomes need further protection against rising costs. In enacting H.R. 7445 into law, we are moving to fill in that gap, as this bill provides an increase in benefits during the last half of 1974.

A second amendment in H.R. 7445 is designed to reduce the disincentives which now face many elderly people who want to work. This provision of the bill increases the amount of money which an individual can earn and still qualify for full social security benefits. This sum is raised from $2,100 a year to $2,400 a year.

Another change is in the income maintenance laws. On next January 1, my Administration will begin the new Supplemental Security Income (SSI) program, a program of Federal income maintenance for needy adults who are aged, blind, or disabled. This program, which I have urged as a necessary change in the welfare system, will provide a uniform floor for assistance to those needy adults. H.R. 7445 will provide a cost-of-living increase in the minimum assistance level and will also assure that no person will suffer a reduction in income as a result of the change from existing State programs to the new SSI program.

Other provisions of H.R. 7445 will assure that several categories of individuals, such as those in medical institutions who are now eligible for assistance under the Medicaid program, will not lose their eligibility when the new Supplemental Security Income program becomes effective. Assistance under Medicaid is essential to the well-being of many of these individuals. They must be protected against the loss of benefits which might otherwise result from the changes in eligibility requirements and standards that will accompany the shift from widely varing State plans to the uniform Federal program.

I regret that in the closing rush before the July 4th recess, one clause was written into this bill delaying until November 1, 1973, the effective date of Social Service regulations recently promulgated by the Secretary of Health, Education, and Welfare. This clause would permit an earlier effective date if the regulations are approved in advance by certain Congressional committees.

As the Congress knows, neither I nor my predecessors have been able to accept such a "coming into agreement" clause because it infringes on the essential responsibility of the President and the executive branch, and on the separation of powers doctrine.

These regulations were drafted in response to Congressional intent expressed last fall when the Congress placed the ceiling on social service expenditures, and we will, of course, work cooperatively with the Congress in considering possible changes in them.

Despite this reservation, I am extremely pleased to approve this measure. It should be good news for millions of our citizens.

# # #

93d Congress
1st Session

COMMITTEE PRINT

Summary of the Provisions of the Acts Extending the Temporary Debt Ceiling and the Renegotiation Act, Including the Social Security Provisions

Public Law 93-53 and Public Law 93-66

JOINT PUBLICATION

COMMITTEE ON FINANCE

OF THE

U.S. SENATE

AND

COMMITTEE ON WAYS AND MEANS

OF THE

U.S. HOUSE OF REPRESENTATIVES

JULY 17, 1973

Prepared for the use of the Senate Committee on Finance and the House Committee on Ways and Means

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I. Provisions of the Act Extending the Temporary Debt Ceiling, Public Law 93–53 (H.R. 8410)

1. *Extension of temporary debt ceiling*

The permanent debt limitation under present law is $400 billion. Prior law also made available a temporary additional limitation of $65 billion through June 30, 1973, thus providing for an overall public debt limit of $465 billion.

The present debt limitation is continued in this act at the temporary level of $465 billion. This is accomplished by extending the current temporary debt limit of $65 billion from June 30, 1973, through November 30, 1973. No change is made in the permanent debt limit.

The new law also modifies the $10 billion limitation on the issuance of Federal bonds which have an interest rate greater than 4¼ percent. Under prior law, this limit applied to all holdings of bonds, whether the holders were the public or Government accounts. The new law applies the $10 billion limit only to the bonds that are held by the general public and excludes from the limit holdings by Government accounts and the Federal Reserve banks.

The new law provides for an income tax refund check-bond which automatically will become the equivalent of a series E bond, generally drawing interest from January 1, if the taxpayer does not cash it before the time specified for Series E bonds (presently this would be July 1, in the case of calendar year taxpayers). This provision is to be available to the Treasury Department for use in connection with returns filed on or after January 1, 1974.

2. *Extended unemployment compensation program*

Extended unemployment compensation benefits—for up to 13 weeks—may be paid to individuals who have exhausted their regular unemployment compensation in States with relatively high unemployment. Under the 1970 law establishing the extended benefit program, a State to be eligible must have an insured unemployment rate of at least 4 percent; the unemployment rate must be at least 20 percent greater than during the comparable period of the prior 2 years; and there must be a 13-week period between the end of one State extended benefit period and the start of another.

Under Public Law 93–53, States will be able to participate in the extended benefit program until January 1, 1974, if their rate of insured unemployment is at least 4.5 percent, without regard to their unemployment rate in the prior 2 years, and without regard to whether 13 weeks have expired since the last State extended benefit period. Under this authority, once a State begins paying out extended benefits, an extended benefit period will not end until the State's insured unemployment rate drops below 4 percent.

Persons who qualify for extended benefits under this authority prior to December 31, 1973, could continue to receive the extended benefits to which they are entitled during an additional 13 weeks or until the end of March 1974.

The extended benefits paid under this provision, including those paid during the tail-out period after December 31, 1973, would be financed equally from State and Federal funds as extended benefits are regularly financed under existing law.

3. *Extension of maternal and child health project grants*

Of the funds appropriated for the Maternal and Child Health Program, 50 percent are allocated to States on a formula basis, 40 percent are available for special project grants, and 10 percent are available for training and research projects. Under prior law, the project grant authorization would have terminated on July 1, 1973, and those funds would have been available under the State formula grants—thus making 90 percent of the total money authorized available on a formula basis.

The new law includes a provision extending the authorization for project grants until June 30, 1974; after that date, 90 percent of the Maternal and Child Health funds will be allocated on the formula basis.

The following additional changes are also made—

For fiscal year 1974 only, each State will be eligible to receive (under authorization authority) the greater of the total of fiscal year 1973 project and formula grants or the sum such State would have received had the project grants not been extended for fiscal year 1974.

For fiscal year 1975 and later years, no State will be eligible for less funds than it received in fiscal year 1973 for both project grants and formula grants.

When the project grant authority lapses on June 30, 1974, the States are required to make arrangements to provide for the continuation of appropriate services to groups previously receiving project grant funds.

4. *Presidential campaign checkoff*

Under the Revenue Act of 1971, taxpayers were permitted to designate that $1 of their taxes ($2 in the case of a couple filing a joint return) be applied toward a Presidential Election Campaign Fund. The 1971 act also permitted the taxpayer to designate which political party he wished to receive the money; if no party was designated, the money would go into a general fund. For tax returns filed in 1973, the Internal Revenue Service provided a separate form for the tax checkoff.

The new law provides that the campaign checkoff designation is to be either on the first page of the income tax return or on the side of the return where the signature is. For the regular 1040 return, this is the front of the return, but for the short form, 1040A, the signature is on the second page of the return.

The new law also converts the campaign checkoff to a nonpartisan checkoff by deleting the provision of prior law concerning designation of party preference.

II. Extension of Renegotiation Act of 1951, Public Law 93-66 (H.R. 7445)

1. *Extension of Renegotiation Act of 1951 to June 30, 1974*

The Renegotiation Act of 1951 (which provides that the Renegotiation Board is to review the total profit derived by a contractor with respect to certain contracts with the Federal Government during a year to determine whether his profit is excessive and, therefore, whether his contracts should be revised to recapture any excessive profits) is extended from June 30, 1973, to June 30, 1974.

2. *Social security provisions*

a. Benefit increase.—Last year the Congress enacted a law providing for social security benefits to be increased automatically as the cost of living rises. Generally speaking, whenever the cost of living goes up by at least 3 percent in a year, social security benefits will be increased by the amount that the cost of living has gone up. Each of these benefit increases becomes effective for the January following the year in which the rise in the cost of living is computed; the first cost-of-living increase permitted under last year's law would not have taken place until January 1975.

The new law provides for a special cost-of-living increase applicable only to benefits for June 1974 to December 1974, to be reflected in the checks people receive in early July 1974. The increase will be the same as the increase in the cost of living in the 12-month period between June 1972 and June 1973, estimated to be a 5.6-percent increase. At this rate of increase, the average monthly benefit to a retired individual will rise from $167 to $176, and the average monthly benefit for aged couples will increase from $278 to $294. Under this provision, nearly 30 million social security beneficiaries will receive an estimated additional $1.9 billion in social security benefits.

b. Increase in earnings limitation.—Effective January 1974, the amount an individual can earn with no reduction in social security benefits will be increased from $2,100 per year ($175 per month) to $2,400 per year ($200 per month). Additional benefit payments due to this change are estimated to total $280 million in the first full calendar year. An estimated 1,440,000 persons, who under prior law would have received some benefits for months in 1974, will receive more benefits, and an estimated 100,000 persons, who under prior law would not have received benefits, will receive some benefits as a result of the enactment of the new law.

c. Increase in taxable wages.—Under prior law, the first $12,000 of earnings of social security would have been taxable in calendar year 1974, with this figure increasing in the future as average wages under social security increase. Under the new law, taxable wages will be set at $12,600 in 1974, with automatic increase thereafter.

d. Adopted grandchildren.—The new law will make it possible, when social security beneficiaries adopt grandchildren, for the grandchildren to receive benefits without the requirement that the child must have lived with and been supported by the social security beneficiary for a year before he became entitled to benefits. The new law will, however, require that the child have lived with and been supported by the beneficiary for a year before the child can become entitled to benefits.

3. *Supplemental security income provisions*

Last year the Congress enacted a new supplemental security income program (SSI) under which the Federal Government will guarantee aged, blind, and disabled persons, beginning January 1974, a monthly income of $130 for an individual and $195 for a couple.

a. Increase in SSI guarantee level.—Under the new law, the Federal guarantee under the SSI program will be increased, effective July 1974, from $130 to $140 for an individual and from $195 to $210 for a couple.

b. Requiring State supplementation.—In many States, current payment levels to the aged, blind, and disabled exceed the Federal guarantee levels under the new SSI program. In States now paying less than the Federal guarantee level, individuals and couples with special needs may be receiving higher payments. To assure that no persons currently receiving aid to the aged, blind, and disabled will receive a cut in their payment, the new law requires States to assure that no recipient on the rolls in December 1973 will have his payment reduced when the SSI program goes into effect January 1974. States not providing this required supplementation of SSI benefits will not be entitled to Federal medicaid matching funds.

c. Benefits for "essential persons."—Many States now take into account the needs of "essential persons," typically a spouse under age 65 of an assistance recipient over 65. Under the prior law, only persons who were themselves at least 65, blind, or disabled would have been eligible for SSI payments. The new law extends SSI eligibility to persons currently considered essential persons under State programs of aid to the aged, blind, and disabled. Thus, an aged person whose spouse under age 65 is on public assistance in December 1973 will be guaranteed a monthly income of $195 under the new SSI program ($210 beginning July 1974). Under this provision, an estimated 125,000 persons will receive additional Federal SSI payments of $100 million in the first full year.

d. Preference for present State and local employees.—Federal administration of the new supplemental security income program will require the hiring of a substantial number of new Federal employees. The new law includes a provision under which the Secretary of Health, Education, and Welfare, in hiring Federal employees for the new SSI program, will provide a preference in employment to present State and local employees with qualifications comparable to those of other candidates and who will be involuntarily displaced when the new SSI program goes into effect.

e. Determination of blindness.—In the present State programs of aid to the blind, Federal law permits the determination of blindness to be made either by a physician skilled in diseases of the eye or by an optometrist, whomever the individual may select. The new law adds a similar provision for determining blindness under the SSI program.

4. *Social services*

a. Postponement of HEW regulations.—Last year the Congress set a $2.5 billion limitation on Federal funds for social services under the Social Security Act. In May 1973, the Department of Health, Education, and Welfare published social services regulations whose effect would have been to substantially limit what Federal social services funds could have been used for. These regulations would have become effective on July 1, 1973.

The new law suspends the Department's authority to issue new social services regulations until November 1, 1973. However, the suspension period may be shortened if new changes are proposed by the Department before that time and are approved by the Committee on Finance and the Committee on Ways and Means before being published in the Federal Register.

b. Services to the aged, blind, and disabled.—The prior law (sec. 1130 of the Social Security Act) required that at least 90 percent of funds spent on social services be for services to persons receiving public assistance; an exception is made for five high-priority services (child care, family planning, services to mentally retarded persons, services to drug addicts and alcoholics, and services related to foster care for children). The new law would exempt services to aged, blind, and disabled persons from the requirement that at least 90 percent of the funds be spent on services to persons receiving public assistance.

5. *Medicaid provisions*

a. Coverage of essential persons.—Current State medicaid programs may also cover "essential persons," primarily the spouses (themselves under age 65) of aged assistance recipients. The new law provides that any individual eligible for medicaid as an essential person in December 1973 will continue to be eligible for medicaid so long as he continues to meet the requirements under which he was eligible for medicaid under the State plan in December 1973.

b. Coverage of persons in medical institutions.—In some States, persons are not eligible for a cash assistance payment or do not receive a cash assistance payment because they are inpatients in institutions. Such persons are currently eligible for medicaid. Under prior law, however, such individuals might not have retained eligibility for medicaid when the SSI program goes into effect in January 1974. The new law provides that individuals in medical institutions in December 1973 who would have been eligible for assistance except for the fact that they were inpatients (or whose special needs as inpatients make them eligible for assistance) will be permitted to retain their medicaid eligibility.

c. Coverage of blind and disabled medically indigent persons.—Under current law, blind and disabled persons who receive cash assistance in December 1973 will continue to be eligible to receive assistance regardless of whether they meet the new Federal definition of blindness or disability. However, the prior law did not provide continued medicaid eligibility for those blind and disabled persons who do not meet the new definitions and who are currently eligible for medical assistance but not cash assistance (the medically indigent). The new law will continue to cover under medicaid those blind and disabled persons who were actually eligible for medicaid in December 1973.

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d. Extension of disregard of 20-percent social security increase.—Last year's social security amendments (Public Law 92–603) contained a saving clause continuing medicaid eligibility for persons going off assistance because of the 20-percent social security benefit increase. This savings clause, previously scheduled to expire October 1974, is extended to June 30, 1975.

e. Repeal of section 225 of 1972 Social Security Amendments, affecting nursing homes.—Under section 225 of Public Law 92–603 Federal, financial participation in reimbursement for skilled nursing home care would not be available to the extent that the cost exceeded 105 percent of the prior year's level of payment. The new law repeals this section.

6. OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY PUBLIC LAW 93-66

(a) EFFECT OF BENEFIT INCREASE ON AVERAGE MONTHLY BENEFITS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

	Present	June 1974
1. Retired worker (with or without dependents also receiving benefits)	$167	$176
2. Retired worker and aged wife, both receiving benefits	278	294
3. Disabled worker (with or without dependents also receiving benefits)	186	196
4. Disabled worker, wife and 1 or more children	359	379
5. Aged widow	158	168
6. Widowed mother and 2 children	389	411

Note.—It is assumed that the special benefit increase effective for June 1974 will be 5.6 percent.

(b) PROGRESS OF OASI AND DI TRUST FUNDS, COMBINED UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$55.3	$55.3	$55.3	$55.3	$53.7	$53.7	$53.7	$53.7
1974.....	61.3	61.9	61.3	61.9	57.1	58.8	57.1	58.8
1975.....	66.8	67.5	66.8	67.5	63.5	64.2	64.3	64.9
1976.....	70.7	71.6	70.7	71.6	66.9	67.3	67.8	68.1
1977.....	76.3	77.2	76.2	77.1	73.7	74.0	74.7	75.0

	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$1.6	$1.6	$1.6	$1.6	$44.3	$44.3	$44.3	$44.3
1974.....	4.2	3.1	4.2	3.1	48.5	47.5	48.5	47.5
1975.....	3.3	3.3	2.5	2.6	51.8	50.8	51.0	50.0
1976.....	3.8	4.4	2.9	3.4	55.6	55.2	53.9	53.4
1977.....	2.7	3.2	1.6	2.1	58.3	58.3	55.5	55.5

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

(c) PROGRESS OF OASI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$48.8	$48.8	$48.8	$48.8	$47.5	$47.5	$47.5	$47.5
1974.....	54.1	54.7	54.1	54.7	50.4	52.0	50.4	52.0
1975.....	59.1	59.7	59.0	59.7	56.0	56.6	56.7	57.3
1976.....	62.6	63.4	62.5	63.3	58.9	59.3	59.7	60.0
1977.....	67.5	68.3	67.4	68.2	64.8	65.2	65.7	66.0

	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973.....	$1.3	$1.3	$1.3	$1.3	$36.6	$36.6	$36.6	$36.6
1974.....	3.8	2.8	3.8	2.8	40.4	39.4	40.4	39.4
1975.....	3.0	3.1	2.3	2.4	43.4	42.4	42.7	41.7
1976.....	3.6	4.1	2.8	3.3	47.0	46.5	45.5	45.0
1977.....	2.7	3.1	1.7	2.1	49.8	49.7	47.2	47.1

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

(d) PROGRESS OF DI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income [1]				Outgo [1]			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973	$6.5	$6.5	$6.5	$6.5	$6.2	$6.2	$6.2	$6.2
1974	7.1	7.2	7.1	7.2	6.7	6.9	6.7	6.9
1975	7.7	7.8	7.7	7.8	7.5	7.6	7.6	7.6
1976	8.2	8.3	8.2	8.3	8.0	8.0	8.1	8.1
1977	8.8	8.9	8.8	8.9	8.8	8.8	9.0	9.0

Calendar year	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
1973	$0.3	$0.3	$0.3	$0.3	$7.7	$7.7	$7.7	$7.7
1974	.4	.3	.4	.3	8.2	8.1	8.2	8.1
1975	.2	.3	.2	.2	8.4	8.4	8.3	8.3
1976	.2	.3	.1	.2	8.6	8.6	8.4	8.4
1977	—.1	([2])	—.2	—.1	8.5	8.7	8.2	8.4

[1] 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973–77. See description in appendix.
[2] Less than $50,000,000.

(e) RATIO OF ASSETS TO EXPENDITURES

The ratio of assets at the beginning of the year to expenditures during the year for the OASI and DI trust funds, combined, is shown in the following table for the 7.1 percent and the 8.5 percent benefit increase assumptions:

Calendar year	7.1 percent increase		8.5 percent increase	
	Present law	Modified system	Present law	Modified system
1973	0.80	0.80	0.80	0.80
1974	.78	.75	.78	.75
1975	.76	.74	.74	.73
1976	.77	.76	.75	.73
1977	.76	.75	.72	.71

Appendix

The tables in the text present estimates of the operations of the old age survivors insurance and disability insurance trust funds during calendar years 1973–77 under the system as modified by Public Law 93–66. The estimates are based on the assumption that the special benefit increase will be 5.6 percent and will be effective for, and limited to, the 7-month period June–December 1974 and that the automatic provisions in present law will not be affected—that is, that the automatic provisions will be operative effective January 1975 as though the special benefit increase had not been enacted.

Public Law 93–66 contains the following additional provisions that have significant cost effects:

(1) The contribution and benefit base for 1974 is increased from $12,000 to $12,600.

(2) The annual exempt amount for 1974 under the retirement test is increased from $2,100 to $2,400.

(3) The dates when the provisions governing the automatic increases in the earnings base and in the retirement test annual exempt amount first become operative remain unchanged. However, the increased earnings base and exempt amount will be figured using the higher amounts in Public Law 93–66 and not the amounts in prior law.

The estimates are shown on two alternative bases:

(1) A 7.1-percent automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official Government projections made in the spring of 1973 as to the growth in the gross national product and as to the rate of increase in the Consumer Price Index (CPI).

(2) An 8.5-percent automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April and May 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat less rapid decline in the rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates presented in the tables, under prior law and under the system as modified by Public Law 93–66, reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of 1975 and 1977 (amounts for 1974 are also shown as a basis for comparison):

Year	General benefit increase [1] (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
Present law:			
1974		$12,000	$2,100
1975	7.1 and 8.5	12,900	2,280
1977	5.7	14,400	2,520
Modified system:			
1974	5.6	12,600	2,400
1975	7.1 and 8.5	13,500	2,520
1977	5.7	15,000	2,760

[1] Under the system as modified by Public Law 93-66, the general benefit increase, assumed to be 5.6 percent, is effective for June 1974. The 1975 automatic benefit increase will be figured on the rates in effect in 1973 under present law and not on top of the special 1974 benefit increase.

Excerpts From the Social Security Act and Related Statutes as Modified by Public Laws 93–53 and 93–66

[Delete the matter enclosed in brackets and insert the matter printed in italics]

93–027 O—73——3

EXCERPTS FROM THE SOCIAL SECURITY ACT

[Effective date of Jan. 1, 1974 unless otherwise noted.]

* * * * * * *

TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * * * *

Old-Age and Survivors Insurance Benefit Payments

* * * * * * *

Sec. 202 * * *

* * * * * * *

Child's Insurance Benefits

(d)(1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and (i) either had not attained the age of 18 or was a full-time student and had not attained the age of 22, or (ii) is under a disability (as defined in section 223(d)) which began before he attained the age of 22, and

(C) was dependent upon such individual—

(i) if such individual is living, at the time such application was filed,

(ii) if such individual has died, at the time of such death, or

(iii) if such individual had a period of disability which continued until he became entitled to old-age or disability insurance benefits, or (if he has died) until the month of his death, at the beginning of such period of disability or at the time he became entitled to such benefits,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding whichever of the following first occurs—

(D) the month in which such child dies, or marries,

(E) the month in which such child attains the age of 18, but only if he (i) is not under a disability (as so defined) at the time he attains such age, and (ii) is not a full-time student during any part of such month.

(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month; or

(G) if such child was under a disability (as so defined) at the time he attained the age of 18, or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the age of 22, the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month.

Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223(d) except for paragraph (1)(B) thereof for any month in which he engages in substantial gainful activity.

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the primary insurance amount of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual.

(3) A child shall be deemed dependent upon his father or adopting father or his mother or adopting mother at the time specified in paragraph (1)(C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child has been adopted by some other individual.

For purposes of this paragraph, a child deemed to be a child of a fully or currently insured individual pursuant to section 216(h)(2)(B) or section 216(h)(3) shall be deemed to be the legitimate child of such individual.

(4) A child shall be deemed dependent upon his stepfather or stepmother at the time specified in paragraph (1)(C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather or stepmother.

(5) In the case of a child who has attained the age of eighteen and who marries—

(A) an individual entitled to benefits under subsection (a), (b), (e), (f), (g), or (h) of this section or under section 223(a), or

(B) another individual who has attained the age of eighteen and is entitled to benefits under this subsection,

such child's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1) but subject to subsection (s), not be terminated by reason of such marriage; except that, in the case of such a marriage to a male individual entitled to benefits under section 223(a) or this subsection, the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under section 223(a) or this subsection unless (i) he ceases to be so entitled by reason of his death, or (ii) in the case of an individual who was entitled to benefits under section 223(a), he is entitled, for the month following such last month, to benefits under subsection (a) of this section.

(6) A child whose entitlement to child's insurance benefits on the basis of the wages and self-employment income of an insured individual terminated with the month preceding the month in which such child attained the age of 18, or with a subsequent month, may again become entitled to such benefits (provided no event specified in paragraph (1)(D) has occurred) beginning with the first month thereafter in which he—

(A) (i) is a full-time student or is under a disability (as defined in section 223(d)), and (ii) had not attained the age of 22, or

(B) is under a disability (as so defined) which began before the close of the 84th month following the month in which his most recent entitlement to child's insurance benefits terminated because he ceased to be under such disability,

but only if he has filed application for such reentitlement. Such reentitlement shall end with the month preceding whichever of the following first occurs:

(C) the first month in which an event specified in paragraph (1)(D) occurs;

(D) the earlier of (i) the first month during no part of which he is a full-time student, or (ii) the month in which he attains the age of 22, but only if he is not under a disability (as so defined) in such earlier month; or

(E) if he was under a disability (as so defined), the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

(i) the first month during no part of which he is a full-time student, or

(ii) the month in which he attains the age of 22

(7) For the purposes of this subsection—

(A) A "full-time student" is an individual who is in full-time attendance as a student at an educational institution, as determined by the Secretary (in accordance with regulations prescribed by him) in the light of the standards and practices of the institutions involved, except that no individual shall be considered a "full-time student" if he is paid by his employer while attending an educational institution at the request, or pursuant to a requirement, of his employer.

(B) Except to the extent provided in such regulations, an individual shall be deemed to be a full-time student during any period of nonattendance at an educational institution at which he has been in full-time attendance if (i) such period is 4 calendar months or less, and (ii) he shows to the satsfaction of the Secretary that he intends to continue to be in full-time attendance at an educational institution immediately following such period. An individual who does not meet the requirement of clause (ii) with respect to such period of nonattendance shall be deemed to have met such requirement (as of the beginning of such period) if he is in full-time attendance at an educational institution immediately following such period.

(C) An "educational institution" is (i) a school or college or university operated or directly supported by the United States, or by any State or local government or political subdivision thereof, or (ii) a school or college or university which has been approved by a State or accredited by a State-recognized or nationally-recognized accrediting agency or body, or (iii) a nonaccredited school or college or university whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

(D) A child who attains age 22 at a time when he is a full-time student (as defined in subparagraph (A) of this paragraph and without the application of subparagraph (B) of such paragraph) but has not (at such time) completed the requirements for, or received, a degree from a four-year college or university shall be deemed (for purposes of determining whether his entitlement to benefits under this subsection has terminated under paragraph (1)(F) and for purposes of determining his initial entitlement to such benefits under clause (i) of paragraph (1)(B)) not to have attained such age until the first day of the first month following the end of the quarter or semester in which he is enrolled at such time (or, if the educational institution (as defined in this paragraph) in which he is enrolled is not operated on a quarter or semester system, until the first day of the first month following the completion of the course in which he is so enrolled or until the first day of the third month beginning after such time, whichever first occurs).

(8) In the case of—

(A) an individual entitled to old-age insurance benefits (other than an individual referred to in subparagraph (B)), or

(B) an individual entitled to disability insurance benefits, or an individual entitled to old-age insurance benefits who was entitled to disability insurance benefits for the month preceding the first month for which he was entitled to old-age insurance benefits,

a child of such individual adopted after such individual became entitled to such old-age or disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1) (C) unless such child—

(C) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

(D) (i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

(ii) was living with such individual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age 65), or the month in which such individual became entitled to disability insurance benefits, [and] *or (III) if he is an individual referred to in either subparagraph (A) or subparagraph (B) and the child is the grandchild of such individual or his or her spouse, for the year immediately before the month in which such child files his or her application for child's insurance benefits, and* [1]

(iii) had not attained the age of 18 before he began living with such individual.

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Reduction of Insurance Benefits

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Sec. 203. * * *

* * * * * * *

Months to Which Earnings Are Charged

(f) For purposes of subsection (b)—

(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section 202(a) and other persons are entitled to benefits under section 202(b), (c), or (d)

[1] Applies with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

on the basis of the wages and self-employment income of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph, but subject to section 202(s), no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual was age seventy-two or over, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, (D) for which such individual is entitled to widow's insurance benefits and has not attained age 65 (but only if she became so entitled prior to attaining age 60) or widower's insurance benefits and has not attained age 65 (but only if he became so entitled prior to attaining age 60), or (E) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than [$175] *$200* or the exempt amounts as determined under paragraph (8).

(2) As used in paragraph (1), the term "first month of such taxable year" means the earliest month in such year to which the charging of excess earnings described in such paragraph is not prohibited by the application of clauses (A), (B), (C), (D), and (E) thereof.

(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of [$175] *$200* or the exempt amount as determined under paragraph (8), multiplied by the number of months in such year, except that, in determining an individual's excess earnings for the taxable year in which he attains age 72, there shall be excluded any earnings of such individual for the month in which he attains such age and any subsequent month (with any net earnings or net loss from self-employment in such year being prorated in an equitable manner under regulations of the Secretary. The excess earnings as derived under the preceding sentence, if not a multiple of $1, shall be reduced to the next lower multiple of $1.

(4) For purposes of clause (E) of paragraph (1)—

(A) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (5) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than

[$175] *$200* or the exempt amount as determined under paragraph (8) until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

* * * * * * *

Report of Earnings to Secretary

(h)(1)(A) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (5) of subsection (f), in excess of the product of [$175] *$200* or the exempt amount as determined under subsection (f)(8) times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the fourth month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. Such report need not be made for any taxable year (i) beginning with or after the month in which such individual attained the age of 72, or (ii) if benefit payments for all months (in such taxable year) in which such individual is under age 72 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection. The Secretary may grant a reasonable extension of time for making the report of earnings required in this paragraph if he finds that there is valid reason for a delay, but in no case may the period be extended more than three months.

* * * * * * *

Definition of Wages

Sec. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) * * *

* * * * * * *

(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to [$12,000] *$12,600* with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

* * * * * * *

Self-Employment

Sec. 211 * * *

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Self-Employment Income

(b) The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a non-

resident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

(1) That part of the net earnings from self-employment which is in excess of—

(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

* * * * * * *

(H) For any taxable year beginning after 1973 and prior to 1975, (i) [$12,000] *$12,600*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(I) For any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or

(2) The net earnings from self-employment, if such net earnings for the taxable year are less than $400.

An individual who is not a citizen of the United States but who is a resident of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, or American Samoa shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

* * * * * * *

Quarter and Quarter of Coverage

Definitions

Sec. 213. (a) For the purposes of this title—

(1) The term "quarter", and the term "calendar quarter", means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term "quarter of coverage" means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal to $3,000 in the case of a calendar year before 1951, or $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954 and before 1959, or $4,800 in the case of a calendar year after 1958 and before 1966, or $6,600 in the case of a calendar year after 1965 and before 1968, or $7,800 in the case of a calendar year after 1967 and before 1972, or $9,000 in the case of a calendar year after 1971 and before 1973, or $10,800 in the case of a calendar year after 1972 and before 1974, or [$12,000] *$12,600* in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of

any calendar year after 1974 with respect to which such contribution and benefit base is effective, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954 and before 1959, or $4,800 in the case of a taxable year ending after 1958 and before 1966, or $6,600 in the case of a taxable year after 1965 and before 1968, or $7,800 in the case of a taxable year ending after 1967, or $9,000 in the case of a taxable year beginning after 1971 and before 1973, or $10,800 in the case of a taxable year beginning after 1972 and before 1974, or [$12,000] *$12,600* in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages equal or exceed $100 but are less than $200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

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Computation of Primary Insurance Amount

Sec. 215 * * *

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Certain Wages and Self-Employment Income Not To Be Counted

(e) For the purposes of subsections (b) and (d)—

(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, the excess over $4,200 in the case of any calendar year after 1954 and before 1959, the excess over $4,800 in the case of any calendar year after 1958 and before 1966, the excess over $6,600 in the case of any calendar year after 1965 and before 1968, the excess over $7,800 in the case of any calendar year after 1967 and before 1972, the excess

over $9,000 in the case of any calendar year after 1971 and before 1973, the excess over $10,800 in the case of any calendar year after 1972 and before 1974, the excess over [$12,000] *$12,600* in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

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Adjustment of the Contribution and Benefit Base

Sec. 230. * * *

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(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the "contribution and benefit base" with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be [$12,000] *$12,600* or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.

* * * * * * *

TITLE V—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

Authorization of Appropriations

Sec. 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling.

there are authorized to be appropriated $250,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $300,000,000 for the fiscal year ending June 30, 1971, $325,000,000 for the fiscal year ending June 30, 1972, and $350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

Purposes for Which Funds Are Available

Sec. 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

(1) In the case of the fiscal year ending June 30, 1969, and each of the next [4] *5* fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

(2) In the case of the fiscal year ending June 30, [1974] *1975* and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and 504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504, which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

Allotments to States for Maternal and Child Health Services

Sec. 503. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for maternal and child health services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 plus such part of the remainder of such one-half as he finds that the number of live births in such State bore to the total number of live births in the United States in the latest calendar year for which he has statistics.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of live births in such State; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health.

Allotments to States for Crippled Children's Services

Sec. 504. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for crippled children's services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 and allotting the remainder of such one-half according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of crippled children in each State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children.

Approval of State Plans

Sec. 505. (a) In order to be entitled to payments from allotments under section 502, a State must have a State plan for maternal and child health services and services for crippled children which—

(1) provides for financial participation by the State;

(2) provides for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; except that in the case of those States which on July 1, 1967, provided for administration (or supervision thereof) of the State plan approved under section 513 (as in effect on such date) by a State agency other than the State health agency, the plan of such State may be approved under this section if it would meet the requirements of this subsection except for provision of administration (or supervision thereof) by such other agency for the portion of the plan relating to services for crippled children, and, in each such case, the portion of such 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;

(3) provides (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 necessary for the proper and efficient operation of the plan and (B) provides 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;

(4) provides 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 he may from time to time find necessary to assure the correctness and verification of such reports;

(5) provides for cooperation with medical, health, nursing, educational, and welfare groups and organizations and, with respect to the portion of the plan relating to services for crippled children, with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children;

(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards, consistent with section 1122, which shall be developed by the State and included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;

(7) provides, with respect to the portion of the plan relating to services for crippled children, for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services, and such treatment, care and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

(8) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 508 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily helping to reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with child bearing and of satisfactorily helping to reduce infant and maternal mortality;

(9) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 509 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the health of children and youth of school or preschool age;

(10) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 510 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the dental health of children and youth of school or preschool age;

(11) provides for carrying out the purposes specified in section 501;

(12) provides for the development of demonstration services (with special attention to dental care for children and family planning services for mothers) in needy areas and among groups in special need;

(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed;

(14) provides that acceptance of family planning services provided under the plan shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to eligibility for or the receipt of any service under the plan; and

(15) provides—

(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2); and

(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title.

(b) The Secretary shall approve any plan which meets the requirements of subsection (a).

Payments

Sec. 506. (a) From the sums appropriated therefor and the allotments available under section 503(1) or 504(1), as the case may be, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing July 1, 1968, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan with respect to maternal and child health services and services for crippled children, respectively.

(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 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 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 an estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

(c) The Secretary shall also from time to time make payments to the States from their respective allotments pursuant to section 503(2) or 504(2). Payments of grants under sections 503(2), 504(2), 508, 509, 510, and 511, and of grants, contracts, or other arrangements under section 512, may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the section involved.

(d) The total amount determined under subsections (a) and (b) and the first sentence of subsection (c) for any fiscal year ending after June 30, 1968, shall be reduced by the amount by which the sum expended (as determined by the Secretary) from non-Federal sources for maternal and child health services and services for crippled children for such year is less than the sum expended from such sources for such services for the fiscal year ending June 30, 1968. In the case of any such reduction, the Secretary shall determine the portion thereof which shall be applied, and the manner of applying such reduction, to the amounts otherwise payable from allotments under section 503 or section 504.

(e) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder from the allotments under section 503 or section 504 for any period after June 30, 1968, unless the State makes a satisfactory showing that it is extending the provisions of services, including services for dental care for children and family planning for mothers, to which such State's plan applies in the State with a view to making such services available by July 1, 1975, to children and mothers in all parts of the State.

(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder—

(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2); or

(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services; or

(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; the Secretary is authorized to waive the requirements of this paragraph in any State if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).

(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122.

Operation of State Plans

Sec. 507. 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 has been so changed that it no longer complies with the provisions of section 505; 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).

Special Project Grants for Maternity and Infant Care

Sec. 508. (a) In order to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing and to help reduce infant and maternal mortality, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and, with the consent of such agency, to the health agency of any political subdivision of the State, and to

any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost (exclusive of general agency overhead) of any project for the provision of—

(1) necessary health care to prospective mothers (including, after childbirth, health care to mothers and their infants) who have or are likely to have conditions associated with childbearing or are in circumstances which increase the hazards to the health of the mothers or their infants (including those which may cause physical or mental defects in the infants), or

(2) necessary health care to infants during their first year of life who have any condition or are in circumstances which increase the hazards to their health, or

(3) family planning services, but only if the State, or local agency determines that the recipient will not otherwise receive such necessary health care or services because he is from a low-income family or for other reasons beyond his control. Acceptance of family planning services provided under a project under this section (and section 512) shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to the eligibility for or the receipt of any service under such project.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Health of School and Preschool Children

Sec. 509. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 505, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this section unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of (A) the reasonable cost (as determined in accordance with standards, consistent with section 1122, approved by the Secretary) of inpatient hospital services provided under the project, or (B) if less, the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such

services, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this section unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Dental Health of Children

Sec. 510. (a) In order to promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make grants, from the sums available under clause (B) of paragraph (1) of section 502, to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for dental care and services for children and youth of school age or for preschool children. No project shall be eligible for a grant under this section unless it provides that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control, and unless it includes (subject to the limitation of the foregoing provisions of this sentence) at least such preventive services, treatment, correction of defects, and aftercare, for such age groups, as may be provided in regulations of the Secretary. Such projects may also include research looking toward the development of new methods of diagnosis or treatment, or demonstration of the utilization of dental personnel with various levels of training.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Training of Personnel

Sec. 511. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children, particularly mentally retarded children and children with multiple handicaps. In making such grants the Secretary shall give special attention to programs providing training at the undergraduate level.

Research Projects Relating to Maternal and Child Health Services and Crippled Children's Services

Sec. 512. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to or jointly financed cooperative arrangements with public or other nonprofit institutions of higher learning, and public or nonprofit private agencies and organizations engaged in research or in maternal and child health or crippled children's programs, and contracts with public or nonprofit private agencies and organizations engaged in research or in such programs, for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof. Effective with respect to grants made and arrangements entered into after June 30, 1968, (1) special emphasis shall be accorded to projects which will help in studying the need for, and the feasibility, costs, and effectiveness of, comprehensive health care programs in which maximum use is made of health personnel with varying levels of training, and in studying methods of training for such programs, and (2) grants under this section may also include funds for the training of health personnel for work in such projects.

Administration

Sec. 513. (a) The Secretary of Health, Education, and Welfare shall make such studies and investigations as will promote the efficient administration of this title.

(b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

(c) Any agency, institution, or organization shall, if and to the extent prescribed by the Secretary, as a condition to receipt of grants under this title, cooperate with the State agency administering or supervising the administration of the State plan approved under title XIX in the provision of care and services, available under a plan or project under this title, for children eligible therefor under such plan approved under title XIX.

Definition

Sec. 514. For purposes of this title, a crippled child is an individiual under the age of 21 who has an organic disease, defect, or condition which may hinder the achievement of normal growth and development.

Observance of Religious Beliefs

Sec. 515. Nothing in this title shall be construed to require any State which has any plan or program approved under, or receiving financial support under, this title to compel any person to undergo any

medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan or program for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds.

Supplemental Allotments

Sec. 516. (a)(1) *For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—*

(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 for such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(2) If, for any fiscal year, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year.

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TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

Part A—General Provisions

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Limitation on Funds for Certain Social Services

Sec. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 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 all of such sections)] *of the amounts paid under such section 403(a)(3)*[2] 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, but 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 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 State plans approved under titles I, X, XIV, XVI, or part A of title IV)] *under the State plan approved under part A of title IV*,[2] or applicants (as defined under regulations of the Secretary) for such aid or assistance.

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TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

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Part A—Determination of Benefits

Eligibility for and Amount of Benefits

Definition of Eligible Individual

Sec. 1611. (a) (1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than [$1,560] *$1,680* [3] for the calendar year 1974 or any calendar year thereafter, and

(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, $2,250, or (ii) in case such individual has no spouse with whom he is living, $1,500,

shall be an eligible individual for purposes of this title.

(2) Each aged, blind, or disabled individual who has an eligible spouse and—

(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than [$2,340] *$2,520* [3] for the calendar year 1974, or any calendar year thereafter, and

(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613 (a), are not more than $2,250,

shall be an eligible individual for purposes of this title.

Amounts of Benefits

(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of [$1,560] *$1,680* [3] for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of [$2,340] *$2,520* [3] for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

* * * * * * *

[2] Effective upon enactment.
[3] Effective date July 1, 1974.

Part B—Procedural and General Provisions

Payments and Procedures

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Administration

Sec. 1633. (*a*) *Subject to subsection* (*b*), *the* [The] Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614(a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

(*b*) *In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select.*

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TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

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Payment to States

Sec. 1903 * * *

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[(j) Notwithstanding the preceding provisions of this section—

[(1) in determining the amount payable to any State with respect to expenditures for skilled nursing facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing facility services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and

[(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.

For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of

increase in per diem costs which result directly from increases in the Federal minimum wages, or which otherwise result directly from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1972.] [4]

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EXCERPTS FROM PUBLIC LAW 92-336

(Effective date January 1, 1974)

* * * * * * *

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

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(2) (A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$9,000" each place it appears and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out "$10,800" each place it appears and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out [~~"$12,000"~~] *"$12,600"* each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the [$12,000] *$12,600* limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,000".

[4] Effective date Jan. 1, 1973.

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the [$12,000] *$12,600* limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

* * * * * * *

(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of [$12,000] *$12,600* over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

* * * * * * *

EXCERPTS FROM THE SOCIAL SECURITY AMENDMENTS OF 1972

(Effective upon enactment)

[P.L. 92-603]

* * * * * * *

DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER TITLE XIX FOR CERTAIN INDIVIDUALS

Sec. 249E. For purposes of section 1902(a)(10) of the Social Security Act any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act and who for such month was entitled to monthly insurance benefits under title II of such Act shall be deemed to be eligible for such aid or assistance for any month thereafter prior to [October 1974] *July 1975* if such individual would have been eligible for such aid or assistance for such month had the increase in monthly insurance benefits under title II of such Act resulting from enactment of Public Law 92-336 not been applicable to such individual.

* * * * * * *

EXCERPTS FROM THE FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1970

(Effective upon enactment)

(P.L. 91-373) (84 Stat. 695.)

* * * * * * *

Extended Benefit Period

Beginning and Ending

Sec. 203. (a) For purposes of this title, in the case of any State, an extended benefit period—

(1) shall begin with the third week after whichever of the following weeks first occurs:

(A) a week for which there is a national "on" indicator, or

(B) a week for which there is a State "on" indicator; and

(2) shall end with the third week after the first week for which there is both a national "off" indicator and a State "off" indicator.

Special Rules

(b)(1) In the case of any State—

(A) No extended benefit period shall last for a period of less than thirteen consecutive weeks, and

(B) no extended benefit period may begin by reason of a State "on" indicator before the fourteenth week after the close of a prior extended benefit period with respect to such State.

(2) When a determination has been made that an extended benefit period is beginning or ending with respect to a State (or all the States), the Secretary shall cause notice of such determination to be published in the Federal Register.

Eligibility Period

(c) For purposes of this title, an individual's eligibility period under the State law shall consist of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period.

National "On" and "Off" Indicators

(d) For purposes of this section—

(1) There is a national "on" indicator for a week if for each of the three most recent calendar months ending before such week, the rate of insured unemployment (seasonably adjusted) for all States equaled or exceeded 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the month in question).

(2) There is a national "off" indicator for a week if for each of the three most recent calendar months ending before such week, the rate of insured unemployment (seasonally adjusted) for all States was less than 4.5 per centum (determined by reference to the average monthly covered employment for the first four of the most recent six calendar quarters ending before the month in question).

State "On" and "Off" Indicators

(e) For purposes of this section—

(1) There is a State "on" indicator for a week if the rate of insured unemployment under the State law for the period consisting of such week and the immediately preceding twelve weeks—

(A) equaled or exceeded 120 per centum of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years, and

(B) equaled or exceeded 4 per centum.

(2) There is a State "off" indicator for a week if, for the period consisting of such week and the immediately preceding twelve weeks, either subparagraph (A) or subparagraph (B) of paragraph (1) was not satisfied. Effective with respect to compensation for weeks of unemployment beginning before July 1, 1973, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State "off" indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof. *Effective with respect to compensation for weeks of unemployment beginning before January 1, 1974, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State by law may provide that the determination of whether there has been a State "off" indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and may provide that the determination of whether there has been a State "on" indicator beginning any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, (ii) the 4 per centum contained in subparagraph (B) thereof were 4.5 per centum, and (iii) paragraph (1) of subsection (b) did not contain subparagraph (B) thereof. In the case of any individual who has a week with respect to which extended compensation was payable pursuant to a State law referred to in the preceding sentence, if the extended benefit period under such law does not expire before January 1, 1974, the eligibility period of such individual for purposes of such law shall end with the thirteenth week which begins after December 31, 1973.*

For purposes of this subsection, the rate of insured unemployment for any 13-week period shall be determined by reference to the average monthly covered employment under the State law for the first four of the most recent six calendar quarters ending before the close of such period.

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EXCERPTS FROM THE INTERNAL REVENUE CODE

[Effective date of Jan. 1, 1974, unless otherwise noted.]

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CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

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SEC. 1402. DEFINITIONS.[5]

(b) SELF-EMPLOYMENT INCOME.—The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year; except that such term shall not include—

[5] Due to typographical error sec. 203(b)(1) refers to sec. 1402(h)(1)(II) instead of 1402(b)(1)(H).

(1) that part of the net earnings from self-employment which is in excess of—

* * * * * *

(H) for any taxable year beginning after 1973 and before 1975, (i) [$12,000] *$12,600*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(I) for any taxable year beginning in any calendar year after 1974, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or

(2) the net earnings from self-employment, if such net earnings for the taxable year are less than $400.

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CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

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SUBCHAPTER C—GENERAL PROVISIONS

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to [$10,800] *$12,600* with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to [$10,800] *$12,600* to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

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SEC. 3122. FEDERAL SERVICE.

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, and including service, performed as a volunteer or volunteer leader within the meaning of the Peace Corps Act, to which the provisions of section 3121(p) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121(b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121(a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the **[**$10,800**]** *$12,600* limitation in section 3121(a)(1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121(a)(1). Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service. The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this section shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this section the Secretary shall be deemed to be the head of such instrumentality.

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SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.

(a) GUAM.—The return and payment of taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

(c) DISTRICT OF COLUMBIA.—In the case of the taxes imposed by this chapter with respect to service performed in the employ of the District of Columbia or in the employ of any instrumentality which is wholly owned thereby, the return and payment of the taxes may be made by the Commissioners of the District of Columbia or by such agents as they may designate. The person making such return may, for convenience of administration, make payments of the tax imposed by section 3111 with respect to such service without regard to the [$10,800] *$12,600* limitation in section 3121(a)(1).

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CHAPTER 61—INFORMATION AND RETURNS

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[SEC. 6096. DESIGNATION BY INDIVIDUALS.

[(a) IN GENERAL.—Every individual (other than a nonresident alien whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund for the account of the candidates of any specified political party for President and Vice President of the United States, or if no specific account is designated by such individual, for a general account for all candidates for election to the offices of President and Vice President of the United States, in accordance with the provisions of section 9006(a)(1). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to any such account in the fund.

[(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 32(2), 33, 35, 37, and 38.

[(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year, in such manner as the Secretary or his delegate may prescribe by regulations—

[(1) at the time of filing the return of the tax imposed by chapter 1 of such taxable year, or

[(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.]

SEC. 6096. DESIGNATION BY INDIVIDUAL.[6]

(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to the fund.

(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 33, 37, 38, 40, and 41.

(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.

Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer's signature.

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CHAPTER 65—ABATEMENT CREDITS AND REFUNDS

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SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

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(c) SPECIAL REFUNDS.—

(1) IN GENERAL.—If by reason of any employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the em-

[6] *Applies with respect to taxable years beginning after December 31, 1972. Any designation made under section 6096 of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1973) for the account of the candidates of any specified political party shall, for purposes of section 9006(a) of such Code (as amended by subsection (b)), be treated solely as a designation to the Presidential Election Campaign Fund.*

ployee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed $4,200, or (B) during any calendar year after the calendar year 1958 and prior to the calendar year 1966, the wages received by him during such year exceed $4,800 or (C) during any calendar year after the calendar year 1965 and prior to the calendar year 1968, the wages received by him during such year exceed $6,600, or (D) during any calendar year after the calendar year 1967 and prior to the calendar year 1972 such year exceed $7,800, or (E) during any calendar year after the calendar year 1971 and prior to the calendar year 1973, the wages received by him during such year exceed $9,000, or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed $10,800, or (G) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed [$12,000] *$12,600*, or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year, the employee shall be entitled (subject to the provisions of section 31(b) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first $4,800 of such wages received in such calendar year after 1958 and before 1966, or which exceeds the tax with respect to the first $6,600 of such wages received in such calendar year after 1965 and before 1968, or which exceeds the tax with respect to the first $7,800 of such wages received in such calendar year after 1967 and before 1972, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971 and before 1973, or which exceeds the tax with respect to the first $10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first [$12,000] *$12,600* of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year.

(2) APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES, EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.—

(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly-owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term "wages" includes for purposes of this subsection the amount, not to exceed $3,600 for the calendar year 1951, 1952, 1953, or 1954, $4,200 for the calendar year 1955, 1956, 1957, or 1958, $4,800 for the calendar year 1959, 1960, 1961, 1962, 1963, 1964, or 1965, $6,600 for the calendar year 1966 or 1967, $7,800 for the calendar year 1968, 1969, 1970, or 1971, $9,000 for the calendar year 1972, $10,800 for the calendar year 1973 [$12,000] *$12,600* for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee.

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CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

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SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

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(d) EXCEPTION.—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

* * * * * * *

(2) An amount equal to 80 percent (66⅔ percent in the case of individuals referred to in section 6073(b), relating to income from farming or fishing) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid and by taking into account the adjusted self-employment income (if the net earnings from self-employment (as defined in section 1402(a)) for the taxable year equal or exceed $400). For the purposes of this paragraph—

* * * * * * *

(B) The term "adjusted self-employment income" means—

(i) the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid, but not more than

(ii) the excess of [$10,800] *$12,600* over the amount determined by placing the wages (within the meaning of section 1402(b)) for the months in the taxable year ending before the month in which the installment is required to be paid on an annualized basis in a manner consistent with clauses (i) and (ii) of subparagraph (A).

* * * * * * *

9003. CONDITION FOR ELIGIBILITY FOR PAYMENTS.

(a) IN GENERAL.—In order to be eligible to receive any payments under section 9006, the candidates of a political party in a presidential election shall, in writing—

(1) agree to obtain and furnish to the Comptroller General such evidence as he may request of the qualified campaign expenses with respect to which payment is sought,

(2) agree to keep and furnish to the Comptroller General such records, books, and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 9007 and to pay any amounts required to be paid under such section, and

(4) agree to furnish statements of qualified campaign expenses and proposed qualified campaign expenses required under section 9008.

(b) MAJOR PARTIES.—In order to be eligible to receive any payments under section 9006, the candidates of a major party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which they will be entitled under section 9004, and

(2) no contributions to defray qualified campaign expenses have been or will be accepted by such candidates or any of their authorized committees except to the extent necessary to make up any deficiency in payments received out of the fund on account of the application of section [9006(c)] *9006(d)*, and no contributions to defray expenses which would be qualified campaign expenses but for subparagraph (C) of section 9002(11) have been or will be accepted by such candidates or any of their authorized committees.

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

(c) MINOR AND NEW PARTIES.—In order to be eligible to receive any payments under section 9006, the candidates of a minor or new party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 9004, and

(2) such candidates and their authorized committees will accept and expend or retain contributions to defray qualified campaign expenses only to the extent that the qualified campaign expenses incurred by such candidates and their authorized committees

certified to under paragraph (1) exceed the aggregate payments received by such candidates out of the fund pursuant to section 9006.

* * * * * * *

[SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

[(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". The Secretary shall maintain in the fund (1) a separate account for the candidates of each major party, each minor party, and each new party for which a specific designation is made under section 6096 for payment into an account in the fund and (2) a general account for which no specific designation is made. The Secretary shall, as provided by appropriation Acts, transfer to each account in the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous presidential election) to such account by individuals under section 6096 for payment into such account of the fund.

[(b) TRANSFER TO THE GENERAL FUND.—If, after a presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in any account in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

[(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the specific account in the fund for such candidates the amount certified by the Comptroller General. Payments to eligible candidates from the account designated for them shall be limited to the amounts in such account at the time of payment. Amounts paid to any such candidates shall be under the control of such candidates.

[(d) TRANSFERS FROM GENERAL ACCOUNT TO SEPARATE ACCOUNTS.—

[(1) If, on the 60th day prior to the presidential election, the moneys in any separate account in the fund are less than the aggregate entitlement under section 9004(a)(1) or (2) of the eligible candidates to which such account relates, 80 percent of the amount in the general account shall be transferred to the separate accounts (whether or not all the candidates to which such separate accounts relate are eligible candidates) in the ratio of the entitlement under section 9004(a)(1) or (2) of the candidates to which such accounts relate. No amount shall be transferred to any separate account under the preceding sentence which, when added to the moneys in that separate account prior to any payment out of that account during the calendar year, would be in excess of the aggregate entitlement under section 9004(a)(1) or (2) of the candidates to whom such account relates.

[(2) If, at the close of the expenditure report period, the moneys in any separate account in the fund are not sufficient to satisfy any unpaid entitlement of the eligible candidates to which such account relates, the balance in the general account shall be transferred to the separate accounts in the following manner:

[(A) For the separate account of the candidates of a major party, compute the percentage which the average number of popular votes received by the candidates for President of the major parties is of the total number of popular votes cast for the office of President in the election.

[(B) For the separate account of the candidates of a minor or new party, compute the percentage which the popular votes received for President by the candidate to which such account relates is of the total number of popular votes cast for the office of President in the election.

[(C) In the case of each separate account, multiply the applicable percentage obtained under subparagraph (A) or (B) for such account by the amount of the money in the general account prior to any distribution made under paragraph (1), and transfer to such separate account an amount equal to the excess of the product of such multiplication over the amount of any distribution made under such paragraph to such account.]

SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". The Secretary shall, as provided by appropriation Acts, transfer to the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

(d) INSUFFICIENT AMOUNTS IN FUND.—If at the time of a certification by the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary or his delegate determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary or his delegate determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement.

* ○ ○ ○ ○ ○ *

SEC. 9007. EXAMINATIONS AND AUDITS; REPAYMENTS.

(a) EXAMINATIONS AND AUDITS.—After each presidential election the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President.

(b) REPAYMENTS.—

(1) If the Comptroller General determines that any portion of the payments made to the eligible candidates of a political party under section 9006 was in excess of the aggregate payments to which candidates were entitled under section 9004, he shall so notify such candidates, and such candidates shall pay to the Secretary an amount equal to such portion.

(2) If the Comptroller General determines that the eligible candidates of a political party and their authorized committees incurred qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party were entitled under section 9004, he shall notify such candidates of the amount of such excess and such candidates shall pay to the Secretary an amount equal to such amount.

(3) If the Comptroller General determines that the eligible candidates of a major party or any authorized committee of such candidates accepted contributions (other than contributions to make up deficiences in payments out of the fund on account of the application of section [9006(c)] *9006(d)*) to defray qualified campaign expenses (other than qualified campaign expenses with respect to which payment is required under paragraph (2)), he shall notify such candidates of the amount of the contributions so accepted, and such candidates shall pay to the Secretary an amount equal to such amount.

(4) If the Comptroller General determines that any amount of any payment made to the eligible candidates of a political party under section 9006 was used for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

he shall notify such candidates of the amount so used, and such candidates shall pay to the Secretary an amount equal to such amount.

(5) No payment shall be required from the eligible candidates of a political party under this subsection to the extent that such payment, when added to other payments required from such candidates under this subsection, exceeds the amount of payments received by such candidates under section 9006.

(c) NOTIFICATION.—No notification shall be made by the Comptroller General under subsection (b) with respect to a presidential election more than 3 years after the day of such election.

(d) DEPOSIT OR REPAYMENTS.—All payments received by the Secretary under subsection (b) shall be deposited by him in the general fund of the Treasury.

SEC. 9012. CRIMINAL PENALTIES.

(a) EXCESS CAMPAIGN EXPENSES.—

(1) It shall be unlawful for an eligible candidate of a political party for President and Vice President in a presidential election or any of his authorized committees knowingly and willfully to incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 9004 with respect to such election.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(b) CONTRIBUTIONS.—

(1) It shall be unlawful for an eligible candidate of a major party in a presidential election or any of his authorized committees knowingly and willfully to accept any contribution to defray qualified campaign expenses, except to the extent necessary to make up any deficiency in payments received out of the fund on account of the application of section [9006(c)] *9006(d)*. or to defray expenses which would be qualified campaign expenses but for subparagraph (C) of section 9002(11).

(2) It shall be unlawful for an eligible candidate of a political party (other than a major party) in a presidential election or any of his authorized committees knowingly and willfully to accept and expend or retain contributions to defray qualified campaign expenses in an amount which exceeds the qualified campaign expenses incurred with respect to such election by such eligible candidate and his authorized committees.

(3) Any person who violates paragraph (1) or (2) shall be fined not more than $5,000, or imprisoned not more than one year, or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

* * * * * * *

(c) UNLAWFUL USE OF PAYMENTS.—

(1) It shall be unlawful for any person who receives any payment under section 9006, or to whom any portion of any payment received under such section is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(d) FALSE STATEMENTS, ETC.—

(1) It shall be unlawful for any person knowingly and willfully—

(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this subtitle, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this chapter; or

(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this chapter.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(e) KICKBACKS AND ILLEGAL PAYMENTS.—

(1) It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees shall pay to the Secretary, for deposit in the general fund of the Treasury, an amount equal to 125 percent of the kickback or payment received.

(f) UNAUTHORIZED EXPENDITURES AND CONTRIBUTIONS.—

(1) Except as provided in paragraph (2), it shall be unlawful for any political committeewhich is not an authorized committee with respect to the eligible candidates of a political party for President and Vice President in a presidential election knowingly and willfully to incur expenditures to further the election of such candidates, which would constitute qualified campaign expenses if incurred by an authorized committee of such candidates, in an aggregate amount exceeding $1,000.

(2) This subsection shall not apply to (A) expenditures by a broadcaster regulated by the Federal Communications Commission, or by a periodical publication, in reporting the news or in taking editorial positions, or (B) expenditures by any organization described in section 501(c) which is exempt from tax under section 501(a) in communicating to its members the views of that organization.

(3) Any political committee which violates paragraph (1) shall be fined not more than $5,000, and any officer or member of such committee who knowingly and willfully consents to such violation and any other individual who knowingly and willfully violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(g) UNAUTHORIZED DISCLOSURE OF INFORMATION.—

(1) It shall be unlawful for any individual to disclose any information obtained under the provisions of this chapter except as may be required by law.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year, or both.

EXCERPTS FROM SOCIAL SERVICES REGULATIONS—SECTIONS NOT AFFECTED BY 4-MONTH DELAY PROVISION IN SECTION 220 OF P.L. 93-66

(TITLE 45, CODE OF FEDERAL REGULATIONS)

Part 221—Service Programs for Families and Children and for Aged, Blind, or Disabled Individuals: Titles I, IV (Parts A and B), X, XIV, and XVI of the Social Security Act.

* * * * * * *

SEC. 221.0 SCOPE OF PROGRAMS.

(a) Federal financial participation is available for expenditures under the State plan approved under titles I, IV–A, IV–B, X, XIV, or XVI of the Act with respect to the administration of service programs under the State plan. The service programs under these titles are hereinafter referred to as: Family Services (title IV–A), WIN Support Services (title IV–A), Child Welfare Services (title IV–B), and Adult Services (titles I, X, XIV, and XVI). Expenditures subject to Federal financial participation are those made for services provided to families, children, and individuals who have been determined to be eligible, and for related expenditures, which are found by the Secretary to be necessary for the proper and efficient administration of the State plan.

(b) The basic rate of Federal financial participation for Family Services and Adult Services under this part is 75 percent provided that the State plan [meets all the applicable requirements of this plan and] [1] is approved by the Social and Rehabilitation Service. Under title IV–A, effective July 1, 1972, the rates are 50 percent for emergency assistance in the form of services, and 90 percent for WIN Support Services, and effective January 1, 1973, the rate is 90 percent for the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies.

(c) Total Federal financial participation for Family Services and Adult Services provided by the 50 States and the District of Columbia may not exceed $2,500 million for any fiscal year, allotted to the States on the basis of their population. No more than 10 percent of the Federal funds payable to a State under its allotment may be paid with respect to its service expenditures for individuals who are not current applicants for or recipients of financial assistance under the State's approved plans, except for services in certain exempt classifications.

(d) Rates and amounts of Federal financial participation for Puerto Rico, Guam, and the Virgin Islands are subject to different rules.

* * * * * * *

[1] Matter enclosed in black brackets is subject to the 4-month delay imposed by the public Law.

SEC. 221.55 LIMITATIONS ON TOTAL AMOUNT OF FEDERAL FUNDS PAYABLE TO STATES FOR SERVICES.

(a) The amount of Federal funds payable to the 50 States and the District of Columbia under titles I, IV–A, X, XIV, and XVI for any fiscal year (commencing with the fiscal year beginning July 1, 1972) with respect to expenditures made after June 30, 1972 (see paragraph (b) of this section), for services (other than WIN Support Services. and emergency assistance in the form of services, under title IV–A) is subject to the following limitations:

(1) The total amount of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the State's allotment, as determined under paragraph (c) of this section; and

(2) The amounts of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the limits pertaining to the types of individuals served, as specified under paragraph (d) of this section.

Notwithstanding the provisions of paragraphs (c)(1) and (d) of this section, a State's allotment for the fiscal year commencing July 1, 1972, shall consist of the sum of:

(i) An amount not to exceed $50 million payable to the State with respect to the total expenditures incurred, for the calendar quarter beginning July 1, 1972, for matchable costs of services of the type to which the allotment provisions apply, and

(ii) An amount equal to three-fourths of the State's allotment as determined in accordance with paragraphs (c)(1) and (d) of this section.

However, no State's allotment for such fiscal year shall be less than it would otherwise be under the provisions of paragraphs (c)(1) and (d) of this section.

(b) For purposes of this section, expenditures for services are ordinarily considered to be incurred on the date on which the cash transactions occur or the date to which allocated in accordance with OMB Circular A–87 and cost allocation procedures prescribed by SRS. In the case of local administration, the date of expenditure by the local agency governs. In the case of purchase of services from another public agency, the date of expenditure by such other public agency governs. Different rules may be applied with respect to a State, either generally or for particular classes of expenditures, only upon justification by the State to the Administrator and approval by him. In reviewing State requests for approval, the Administrator will consider generally applicable State law, consistency of State practice, particularly in relation to periods prior to July 1, 1972, and other factors relevant to the purposes of this section.

(c)(1) For each fiscal year (commencing with the fiscal year beginning on July 1, 1972) each State shall be allotted an amount which bears the same ratio to $2,500 million as the population of such State bears to the population of all the States.

(2) The allotment for each State will 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 popula-

tion 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.

(d) Not more than 10 percent of the Federal funds shall be paid with respect to expenditures in providing services to individuals (eligible for services) who are not recipients of aid or assistance under State plans approved under such titles, or applicants for such aid or assistance, except that this limitation does not apply to the following services provided to eligible persons:

(1) Services provided to meet the needs of a child for personal care, protection, and supervision [(as defined under day care services for children)] but only in the case of a child where the provision of such services is necessary 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 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 and necessary care and supervision for such child;

(2) Family planning services;

(3) Any services included in the approved State plan that are provided to an individual diagnosed as mentally retarded by a State mental retardation clinic or other agency or organization recognized by the State agency as competent to make such diagnoses, or by a licensed physician, but only if such services are needed for such individual by reason of his condition of being mentally retarded;

(4) Any services included in the approved State plan provided to an individual who has been certified as a drug addict by the director of a drug abuse treatment program licensed by the State, or to an individual who has been diagnosed by a licensed physician as an alcoholic or drug addict, but only if such services are needed by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

[(5) Foster care services for children when needed by a child because he is placed in foster care, or awaiting placement.]

(5) Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.[9]

SEC. 221.56 RATES AND AMOUNTS OF FEDERAL FINANCIAL PARTICIPATION FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

(a) For Puerto Rico, the Virgin Islands, and Guam, the basic rate for Federal financial participation for Family Services and WIN Support Services under title IV–A is 60 percent. However, effective July 1, 1972, the rate is 50 percent for emergency assistance in the form of services.

[9] Paragraph (5) is exempted from the 4-month delay provision of the Public Law only if the matter enclosed in black brackets is replaced by the matter in italics.

(b) For family planning services and for WIN Support Services, the total amount of Federal funds that may be paid for any fiscal year shall not exceed $2 million for Puerto Rico, $65,000 for the Virgin Islands, and $90,000 for Guam. Other services are subject to the overall payment limitations for financial assistance and services under titles I, IV–A, X, XIV, and XVI, as specified in section 1108(a) of the Social Security Act.

(c) The rates and amounts of Federal financial participation set forth in § 221.54 (a) and (b) apply to Puerto Rico, the Virgin Islands, and Guam, except that the 60 percent rate of Federal financial participation is substituted as may be appropriate. The limitation in Federal payments in § 221.55 does not apply.

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Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 135 July 25, 1973

1973 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,
and Technical Employees

As mentioned in Commissioner's Bulletin Number 133, dated July 5, regarding 1973 social security legislation, the amount of the benefit increase included in P. L. 93-66 (H. R. 7445, signed by the President on July 9) is to be based on the increase in the Consumer Price Index between June 1972 and June 1973. Since the Consumer Price Index for June 1973 was not available at that time, the amount of the increase was estimated. The official measurement of the Consumer Price Index for June 1973 has just become available, and the amount of the benefit increase, effective for June 1974, has been determined to be 5.9 percent. This means that the minimum benefit will rise from $84.50 to $89.50, and the maximum for a male worker retiring at 65 in 1974 will rise from $274.60 to $290.80. The maximum for a couple (both age 65 in 1974) will go from $411.90 to $436.20. For June 1974, the average benefit under social security for all retired workers is estimated to be $177 and for couples $295.

As stated in the previous Bulletin, the 5.9-percent benefit increase is in effect an advance payment of part of the increase expected in January 1975 as a result of the automatic adjustment provision of the law. Benefit levels that will take effect for January 1975 will be the same as they would have been under the 1972 legislation.

The enclosed memorandum and tables contain the final estimates of the effect on the OASI and DI trust funds, and on average monthly benefit amounts, of enactment of P. L. 93-66. In the absence of the CPI for June 1973, earlier estimates assumed a benefit increase of 5.6 percent. With the recent release of the June CPI, a benefit increase of 5.9 percent is now established.

Arthur E. Hess
Acting Commissioner

Enclosures

MEMORANDUM

July 23, 1973

FROM: Lawrence Alpern

ACT:B

SUBJECT: Estimates of Progress of the OASI and DI Trust Funds Under P.L. 93-66 (An Act Extending the Renegotiation Act for 1 Year) Enacted July 9, 1973, Calendar Years 1973-77

The attached tables present estimates of the operations of the OASI and DI trust funds during calendar years 1973-77 under the system as modified by P.L. 93-66.

P.L. 93-66 contains the following provisions that have significant cost effects:

(1) A special benefit increase of 5.9% is provided, effective for, and limited to, the 7-month period June - December 1974. The new law states that this percentage is determined by the percentage increase in the Consumer Price Index (CPI) from June 1972 through June 1973. The automatic benefit increase provisions in prior law, beginning January 1975, are not affected--thus, the 1975 automatic benefit increase will be figured on the rates in effect under prior law and not on top of the special 1974 benefit increase provided in P.L. 93-66. 1/

(2) The contribution and benefit base for 1974 is increased from $12,000, in prior law, to $12,600.

(3) The annual exempt amount for 1974 under the retirement test is increased from $2,100, in prior law, to $2,400.

(4) The dates in prior law when the provisions governing the automatic increases in the earnings base and in the retirement test annual exempt amount first become operative remain unchanged. However, the increased earnings base and exempt amount will be figured using the higher amounts in P.L. 93-66 and not the amounts in prior law.

1/ The CPI for June 1972 was 125.0, and for June 1973, 132.4.

The estimates are shown on two alternative bases:

(1) A 7.1% automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official government projections made in the spring of 1973 as to the growth in the Gross National Product and as to the rate of increase in the CPI.

(2) A 8.5% automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April - June 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat greater rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates presented in the accompanying tables, under prior law and under the system as modified by P.L. 93-66, reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of 1975 and 1977 (amounts for 1974 are also shown as a basis for comparison):

Year	General benefit increase 1/	Contribution and benefit base	Annual exempt amount under the retirement test
		Prior law	
1974	---	$12,000	$2,100
1975	7.1% and 8.5%	12,900	2,280
1977	5.7%	14,400	2,520
		Modified system	
1974	5.9%	$12,600	$2,400
1975	7.1% and 8.5%	13,500	2,520
1977	5.7%	15,000	2,760

1/ Under the system as modified by P.L. 93-66, the special benefit increase of 5.9% is effective for June 1974. The 1975 automatic benefit increase will be figured on the rates in effect under prior law and not on top of the special 1974 benefit increase provided in P.L. 93-66.

The ratio of assets at the beginning of the year to expenditures during the year for the OASI and DI trust funds, combined, is shown in the following table for the 7.1% and the 8.5% benefit increase assumptions:

Calendar year	Ratio of "Assets to Expenditures"			
	7.1% Increase		8.5% Increase	
	Prior law	Modified system	Prior law	Modified system
1973	.80	.80	.80	.80
1974	.78	.76	.78	.76
1975	.77	.74	.76	.73
1976	.78	.76	.76	.74
1977	.76	.75	.73	.71

Lawrence Alpern
Deputy Chief Actuary

Enclosure

Old-Age, Survivors, and Disability Insurance System as Modified by P.L. 93-66, Enacted July 9, 1973

Progress of the OASI and DI trust funds, combined, under prior law and under the system as modified by P.L. 93-66, with 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77

(In billions)

Calendar year	Income				Outgo			
	7.1% Increase		8.5% Increase		7.1% Increase		8.5% Increase	
	Prior law	Modified system	Prior law	Modified system	Prior law	Modified system	Prior law	Modified system
1973	$55.3	$55.3	$55.3	$55.3	$53.5	$53.5	$53.5	$53.5
1974	61.3	61.9	61.3	61.9	57.0	58.9	57.0	58.9
1975	66.8	67.5	66.8	67.5	63.5	64.2	64.3	64.9
1976	70.7	71.6	70.7	71.6	66.9	67.3	67.8	68.2
1977	76.3	77.2	76.2	77.1	73.7	74.1	74.7	75.0

Calendar year	Net increase in funds				Assets, end of year			
	7.1% Increase		8.5% Increase		7.1% Increase		8.5% Increase	
	Prior law	Modified system	Prior law	Modified system	Prior law	Modified system	Prior law	Modified system
1973	$1.8	$1.8	$1.8	$1.8	$44.6	$44.6	$44.6	$44.6
1974	4.2	3.1	4.2	3.1	48.8	47.7	48.8	47.7
1975	3.3	3.3	2.5	2.6	52.1	51.0	51.3	50.2
1976	3.8	4.3	2.8	3.4	55.9	55.4	54.2	53.6
1977	2.6	3.1	1.5	2.0	58.5	58.5	55.7	55.6

See accompanying text for underlying assumptions.

Social Security Administration
Office of the Actuary--Baltimore
July 23, 1973

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED
BY P.L. 93-66, ENACTED JULY 9, 1973

Estimated effect of special benefit increase of 5.9%, effective June 1974, on average monthly benefit amounts in current-payment status at the end of June 1974, for selected beneficiary groups

Beneficiary Group	Average monthly amount	
	Before 5.9% increase	After 5.9% increase
1. Average monthly family benefits:		
Retired worker alone (no dependents receiving benefits)	$162	$172
Retired worker and aged wife, both receiving benefits	278	295
Disabled worker alone (no dependents receiving benefits)	180	190
Disabled worker, wife, and 1 or more children	363	385
Aged widow alone	159	169
Widowed mother and 2 children	390	413
2. Average monthly individual benefits:		
All retired workers (with or without dependents also receiving benefits)	167	177
All disabled workers (with or without dependents also receiving benefits)	185	196

Social Security Administration
Office of the Actuary--Baltimore
July 23, 1973

Calendar No. 236

93d Congress, 1st Session - - - - - Senate Report No. 93-249

CONTINUATION OF EXISTING TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

REPORT

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

TO ACCOMPANY

H.R. 8410

TO CONTINUE THE EXISTING TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT THROUGH NOVEMBER 30, 1973, AND FOR OTHER PURPOSES

(Together With Supplemental Views)

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

JUNE 25, 1973.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
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Calendar No. 236

93D CONGRESS
1st Session

SENATE

REPORT
No. 93-249

CONTINUATION OF EXISTING TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

JUNE 25, 1973.—Ordered to be printed

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

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 8410]

The Committee on Finance, to which was referred the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes 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 Committee approved the provisions of the House bill without change. However, the Committee added a series of provisions to the bill. The House provisions, which were accepted without change, are summarized below. A summary of the Committee amendment follows this material.

Provisions of House Bill

Extension of temporary debt limit.—The permanent debt limitation under present law is $400 billion. Present law also provides for a temporary additional limitation of $65 billion, providing for an overall public debt limit of $465 billion, effective through June 30, 1973.

H.R. 8410 provides for continuation of the present debt limitation level of $465 billion. This is accomplished by extending the current temporary debt limit of $65 billion from June 30, 1973, through November 30, 1973. No change is made in the permanent debt limit.

Modification of limitation on outstanding long-term bonds.—The bill also modifies the $10 billion limitation on outstanding long-term bonds which have an interest rate greater than 4¼ percent. Under present law, the $10 billion limit on the issuance of these bonds applies to all holdings of them, whether or not the holders are the public or government accounts. H.R. 8410 provides that this limit is not to apply to holdings of these bonds by government accounts. The purpose is to provide the Treasury Department with the opportunity to issue this limited amount of long-term bonds to the public at higher interest rates without having this amount decreased by the bonds with the higher rate held by government trust funds or agencies. However, a large portion of the government holdings are those of trust funds, and other law already specifies in most of these cases that the interest rate paid to them is to be the average market yield on marketable U.S. securities. Thus, in the case of these government holdings the general interest rate limitation on long-term bonds merely has the effect of shifting the holdings of these funds into shorter term obligations without appreciably affecting the interest rate paid. The bill, however, retains the present $10 billion limit on public holding of these bonds with rates above 4¼ percent, because the Committee does not favor generally higher interest rates and does not want the rates on government bonds to have the effect of encouraging higher interest rates.

Refund check-bonds.—In the Revenue Act of 1971, new withholding tables on wage and salary income were provided in order to reduce the serious amount of underwithholding that had been taking place. However, as a result of the change, there was a shift in the opposite direction, and very large amounts of overwithholding occurred. In part, this appears to have resulted from the fact that taxpayers did not file new withholding forms to correct the overwithholding and apparently preferred to be overwithheld. In the present inflationary economic situation, the Committee agrees with the House that it is desirable to find a way to encourage taxpayers to save the funds that they will be paid in tax refunds. The bill provides for a refund check-bond which automatically will become the equivalent of a series E bond, generally drawing interest from January 1, if the taxpayer does not cash it before the time specified for Series E bonds (presently this would be July 1, in the case of calendar year taxpayers). This provision is to be available to the Treasury Department for use in connection with returns filed on or after January 1, 1974.

Committee Amendment

The Committee amendment includes provisions which would, among other things, increase social security benefits; increase Supplemental Security Income payments; postpone social services regulations of the Department of Health, Education, and Welfare; assure that aged, blind and disabled persons now receiving cash assistance or eligible for Medicaid are protected against a reduction in benefits or loss of Medicaid eligibility when the new SSI program goes into effect next January; and limit expenditures to $268.7 billion in fiscal year 1974, and also provide procedures for limiting impoundments.

Social Security Benefit Increase

Cost of living increase moved up to January, 1974.—Under present law, Social Security benefits rise automatically as the cost of living rises. However, the first cost of living increase would not become effective until January, 1975. The Committee amendment would provide for a cost-of-living social security benefit increase effective January, 1974. The across-the-board increase, geared to the increase in the cost of living between June, 1972 (when the cost-of-living increase was voted into law) and June, 1973, will be an estimated 5.6 percent. Under the Committee amendment, nearly 30 million social security beneficiaries will receive an estimated additional $3.2 billion in benefits.

Supplemental Security Income Program

Increase in payment level.—The Social Security Amendments of 1972 established a new Federal Supplemental Security Income program under which the Federal Government will guarantee aged, blind and disabled persons a monthly income of $130 for an individual and $195 for a couple. The Committee bill would increase these amounts to $140 for an individual and $210 for a couple.

Covering "essential persons".—The SSI program bases the amount of assistance only on eligible persons and eligible spouses (who must also be over 65, blind, or disabled). Current state programs for the aged, blind, and disabled may also take into account the needs of "essential persons," primarily the spouses (themselves under age 65) of aged assistance recipients. The Committee amendment would extend eligibility for Supplemental Security Income payments to persons currently considered "essential persons" under State programs of aid to aged, blind, and disabled. Thus an aged person whose spouse under 65 is currently on public assistance would be guaranteed a monthly income of $210 under the Federal Supplemental Security Income program beginning January 1974.

State supplementation required.—Under another Committee provision States would be required, in order to receive Federal Medicaid matching funds in calendar year 1974, to supplement Federal SSI payments in 1974 to current recipients of aid to the aged, blind and disabled to assure that their entitlement to payments will not be reduced.

Preference for present State and local employees.—The Committee bill contains a provision under which the Secretary of HEW, in hiring Federal employees for the new SSI program, would provide a preference in employment to qualified present State and local employees who will be displaced when the new SSI Program goes into effect.

Determination of blindness.—The Committee bill contains a provision permitting optometrists to determine blindness under the SSI program.

Pass-Along of Benefit Increase to AFDC Recipients

To assure that recipients of Aid to Families with Dependent Children who are also social security beneficiaries receive the benefit of the social security increase, the Committee amendment would require States, in determining need for AFDC, to disregard 5 percent of social security income when the beneficiaries begin receiving the cost-of-living benefit increase.

Social Services Regulations Postponed

On May 1, 1973, the Department of Health, Education, and Welfare issued regulations on social service programs funded under the Social Security Act, with the regulations scheduled to become effective July 1, 1973. The Committee amendment would delay the effective date of the regulations until January 1, 1974. This delay will permit the Congress time to deal with the substantive issues associated with social services and to approve legislation as appropriate.

Medicaid Amendments

Protecting Medicaid recipients from loss of eligibility.—If no other action is taken, several types of cases will face the loss of eligibility for Federally shared Medicaid coverage either when the SSI program becomes effective next January or upon the termination in October 1974 of a savings clause related to the 20 percent social security benefit increase enacted in 1972. The Committee amendment would protect these cases from loss of Medicaid eligibility and would extend the savings clause related to the 20 percent benefit increase. The types of cases are described below.

1. *"Essential persons".*—In order for the spouse of an SSI recipient to be eligible for SSI, he or she must also be aged, blind, or disabled. Current State programs for the aged, blind, and disabled may also take into account the needs of "essential persons", primarily the spouses (themselves under age 65) of aged assistance recipients, making the spouses eligible for Medicaid also. A provision included in the Committee bill would provide that any individual eligible for Medicaid as an essential person in December, 1973 would continue to be eligible for Medicaid as long as he continues to meet the requirements under which he was eligible for Medicaid under the State plan in December, 1973.

2. *Persons in medical institutions.*—In some States, persons are not eligible for a cash assistance payment or do not receive a cash assistance payment because they are inpatients in institutions. A "grandfather clause" in the Committee amendment would provide that individuals in medical institutions in December, 1973 who would have been eligible for assistance except for the fact that they were inpatients (or whose special needs as inpatients make them eligible for assistance) be permitted to retain their Medicaid eligibility to the extent of a continuing need for care for the condition or conditions for which they were institutionalized.

3. *Blind and disabled medically needy persons.*—Under present law, blind and disabled persons who receive cash assistance in December, 1973 will continue to be eligible to receive assistance regardless of whether or not they meet the new Federal definition of blindness or disability. However, the law does not provide continued Medicaid eligibility for those blind and disabled persons who do not meet the new definitions and who are currently eligible for medical assistance but not cash assistance (the medically indigent). An amendment to the Medicaid program included in the Committee bill would cover this group of blind and disabled persons.

4. *Extension of 1972 savings clause.*—Last year's social security bill contained a savings clause continuing Medicaid eligibility for persons going off assistance because of the 20 percent social security benefit increase. This savings clause, presently scheduled to expire October, 1974 would, under a provision in the Committee bill, be extended to June 30, 1975.

Repeal of section 225 of P.L. 92–603.—Under section 225 of P.L. 92–603, Federal financial participation in reimbursement for skilled nursing home care would not be available to the extent that the cost exceeded 105 percent of the prior year's level of payment. The Committee bill would repeal this section.

Extension of Project Grant Authority Under the Maternal and Child Health Program

Under present law, of the funds appropriated for the Maternal and Child Health program, 50 percent is allocated to States on a formula basis, 40 percent is available for special project grants, and 10 percent is available for training and research projects. Under present law, the project grant authorization would terminate on July 1, 1973, and those funds would be available under the State formula grants—thus making 90 percent of the total money authorized available on a formula basis.

The Committee bill includes a provision extending the authorization for project grants until June 30, 1974; after that date, 90 percent of the Maternal and Child Health funds would be allocated on the formula basis. However, the Committee amendment provides (1) an additional authorization so that no State would be eligible for less funds after June 30, 1974 than the total amount allocated to a State in formula and project grants in FY 1973, and (2) that States would be required to make appropriate arrangements for the continuation of services to the population in areas previously served under project grants. Under a special provision, in fiscal year 1974 an additional authorization would result in each State being eligible to receive the greater of (1) the total of fiscal year 1973 project and formula grants, or (2) the sum of such amounts as the State would have otherwise been entitled to if the project grants had not been extended during fiscal year 1974.

Expenditure Limitation and Impoundment Procedures

The Committee bill also includes an amendment limiting fiscal year 1974 expenditures to $268.7 billion and providing for impoundment control procedures. The language of the Committee amendment is similar to the text of S. 373, which passed the Senate in May of this year. The amendment limiting expenditures in fiscal year 1974 provides a procedure for allocating, on a pro-rata basis, reductions resulting from this ceiling by functional classification, with exceptions for certain categories which are clearly uncontrollable. The impoundment control procedures in general provide that to the extent impoundments are not provided for by the Anti-Deficiency Act (as determined by the Comptroller General), they are not to be permitted unless approved by the Congress within 60 days after the President presents a special message on the impoundment.

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II. GENERAL EXPLANATION OF THE BILL AS PASSED BY THE HOUSE

A. Extension of the Public Debt Limitation

(Sec. 1 of the bill)

Present Law

The combined permanent and temporary limitation on the public debt is $465 billion, effective through June 30, 1973. The limitation was approved by Congress and enacted on October 27, 1972, and it is expected to be sufficient to meet the requirements of the Federal Government for that period. The public debt subject to limit outstanding on June 19, 1973, was $456.3 billion. The Secretary of the Treasury, in his testimony before the committee on June 21, 1973, indicated that he expected the outstanding debt on June 30, 1973, to be $455 billion, with a cash balance of $6 billion.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND A PROPOSED LIMITATION IN FISCAL YEAR 1974

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1947–54	275	----	275
1955 through Aug. 27	275	----	275
1955: Aug. 28 through June 30	275	6	281
1956	275	6	281
1957	275	3	278
1958 through Feb. 25	275	----	275
1958: Feb. 26 through June 30	275	5	280
1959 through Sept. 1	275	5	280
1959: Sept. 2 through June 29	283	5	288
1959: June 30	285	5	290
1960	285	10	295
1961	285	8	293
1962 through Mar. 12	285	13	298
1962: Mar. 13 through June 30	285	15	300
1963 through Mar. 31	285	23	308
1963: Apr. 1 through May 28	285	20	305
1963: May 29 through June 30	285	22	307
1964 through Nov. 30	285	24	309
1964: Dec. 1 through June 28	285	30	315
1964: June 29 and 30	285	39	324
1965	285	39	324
1966	285	43	328
1967 through Mar. 1	285	45	330
1967: Mar. 2 through June 30	285	51	336
1968[1]	358	----	358
1969 through Apr. 6[1]	358	7	365
1969 after Apr. 6[1]	358	----	358
1970 through June 30[1]	365	12	377
1971 through June 30[1]	380	15	395
1972 through June 30[1]	400	50	450
1973 through Oct. 31[1]	400	50	450
1973 through June 30[1]	400	65	465
Proposed:			
From June 30, 1973, through Nov. 30, 1973[1]	400	65	465
After Nov. 30, 1973[1]	409	----	400

[1] Includes FNMA participation certificates issued in fiscal year 1968.

Current Budget Outlook

The administration presented budget estimates in January and more recently in the committee's public hearings on June 21. In

January 1973, the administration estimated that the deficit in the unified budget for fiscal year 1973 would be $24.8 billion. On a Federal funds basis, the deficit for fiscal year 1973 was estimated at that time at $34.1 billion. The difference of $9.3 billion in these two budget deficits represented the anticipated surplus in the trust funds. For fiscal year 1974, the administration in January estimated a deficit in the unified budget of $12.7 billion and a deficit on the Federal funds basis of $27.8 billion. A surplus of $15.1 billion in the trust funds accounted for the difference between the two deficits. These extimates are shown in table 2.

TABLE 2.—CHANGE IN BUDGET SURPLUS OR DEFICIT BY FUND GROUP

[In fiscal years and billions of dollars]

		1973			1974		
	1972 actual	January estimate	Current estimate	Change	January estimate	Current estimate	Change
Federal funds	−29.1	−34.1	−27.9	6.2	−27.8	−18.8	9
Trust funds	5.9	9.3	10.1	.8	15.1	16.1	1
Unified budget	−23.2	−24.8	−17.8	7.0	−12.7	−2.7	10

Note: Detail may not add to totals because of rounding.
Source: Office of Management and Budget, June 1, 1973.

In the hearings on June 21, 1973, the administration presented revised estimates of receipts for both fiscal years 1973 and 1974. Estimates of unified budget outlays (expenditures and net lending) for both fiscal years remained as they were in the January budget, but offsetting changes occured in Federal and trust fund outlays and intragovernmental transactions with respect to fiscal year 1974.

In June, the administration estimated that unified budget receipts in fiscal year 1973 would increase by $7 billion to $232.0 billion, bringing about a decline in the estimated unified budget deficit from $24.8 billion to $17.8 billion. On a Federal funds basis, the administration presently estimates that the deficit will be $27.9 billion, a decline of $6.2 billion from the level previously estimated. These estimates show that the trust fund surplus will increase from $9.3 billion to $10.1 billion.

The revised estimates for fiscal year 1974 also show an appreciable increase. These estimates increase receipts on the unified budget basis from $256.0 billion to $266.0 billion, an increase of $10 billion which results in a comparable $10 billion decrease in the estimated deficit in the unified budget for 1974 and reduces the deficit to an estimated level of $2.7 billion. Revised estimates on the Federal funds basis show an estimated budget deficit of $18.8 billion, a decline of $9 billion from the estimate in January. Federal funds receipts presently are estimated at $181.0 billion, an increase of $9.7 billion over the January estimate, and Federal funds outlays estimates have been raised by $700 billion. The trust funds presently are estimated to produce a surplus of $16.1 billion, $1 billion more than the estimate in January. The June estimates of receipts and the changes in estimated budget deficits are also summarized in table 3.

The staff of the Joint Committee on Internal Revenue Taxation has prepared estimates of receipts for fiscal years 1973 and 1974, which are shown in table 3 with the most recent comparable administration

estimates. These estimates do not differ greatly from the recent estimates presented by the Treasury. The chief difference lies in an estimate of corporate income tax receipts for fiscal year 1974 which is $1 billion below the administration estimate. For fiscal year 1973, the staff unified budget receipts estimate of $231.4 billion is $570 million below the administration estimate. On a Federal funds basis, the staff estimate of $160.7 billion is $200 million below the administration estimate. For fiscal year 1974, the staff estimate of receipts of $265.2 billion on the unified budget basis is $800 million below the administration estimate, and the staff Federal funds estimate of receipts is $179.9 billion, which is $1.1 billion below the administration estimate. Table 4 shows receipts by major receipt classifications as estimated by the administration and the Joint Committee staff.

TABLE 3.—RECEIPTS AND OUTLAYS IN THE BUDGET, ACTUAL FOR FISCAL YEAR 1972 AND JUNE 1 ESTIMATES FOR FISCAL YEARS 1973 AND 1974 [1] INCLUDING PROPOSED LEGISLATION

[In billions of dollars]

	1972 actual	1973 estimates		1974 estimates	
		Joint committee staff	Administration	Joint committee staff	Administration
Unified budget:					
Receipts	208.6	231.4	232.0	265.2	266.0
Outlays	231.9	249.8	249.8	268.7	268.7
Deficit	23.2	18.4	17.8	3.5	2.7
Federal funds:					
Receipts	148.8	160.7	160.9	179.9	181.0
Outlays	178.0	188.8	188.8	199.8	199.8
Deficit	29.1	28.1	27.9	19.9	18.8

[1] The joint committee staff has made estimates only for budget receipts. The outlay estimates are those of the administration.

TABLE 4.—UNIFIED BUDGET RECEIPTS: ACTUAL FOR FISCAL YEAR 1972 AND JUNE 1 ESTIMATES FOR FISCAL YEARS 1973 AND 1974 INCLUDING PROPOSED LEGISLATION

[In millions of dollars]

	1972 actual	Estimates for 1973		Estimates for 1974	
		Joint Committee Staff	Administration	Joint Committee Staff	Administration
Individual income taxes	94,737	102,700	103,000	[1] 116,200	[1] 116,000
Corporation income taxes	32,166	36,200	36,000	40,500	41,500
Social insurance taxes and contributions	53,914	64,600	64,700	[2] 79,000	[2] 78,600
Excise taxes	15,477	16,000	16,100	16,700	16,800
Estate and gift taxes	5,436	4,900	5,000	5,300	5,400
Customs duties	3,287	3,100	3,200	3,300	3,500
Miscellaneous receipts	3,633	3,930	3,900	[3] 4,200	[3] 4,200
Total	208,649	231,430	232,000	265,200	266,000

[1] Reflects $600,000,000 decrease under proposed legislation.
[2] Reflects $612,000,000 increase under proposed legislation.
[3] Reflects $228,000,000 increase under proposed legislation.

Administration Proposal

The administration originally requested an increase in the combined permanent and temporary limitation on the public debt to $485 billion for the fiscal year 1974. The estimate is based on the projections of receipts which have been summarized in the preceding section and on the assumption that budget outlays will be kept within the $268.7

billion target presented by the administration in the January budget recommendations. Treasury Department estimates of the outstanding public debt subject to limitation in fiscal year 1974 at the end of each month are shown in Table 5. These estimates assume a constant operating cash balance of $6 billion and a $3 billion margin for contingencies.

The tabulations show that for the remainder of calendar year 1973, the highest public debt projections are $470 billion at the end of the months of August and November. These projections include the estimated $6 billion operating cash balance and the $3 billion contingency margins. In the first 6 months of calendar year 1974, the administration estimates that the outstanding debt at the end of each month will be $470 billion or more. The highest level is estimated at $482 billion at the end of May.

TABLE 5.—ESTIMATED PUBLIC DEBT SUBJECT TO LIMITATION, FISCAL YEAR 1974 BASED ON ESTIMATED BUDGET OUTLAYS OF $268,700,000,000 AND RECEIPTS OF $266,000,000,000

[In billions of dollars]

	Operating cash balance	Estimated public debt subject to limitation	Estimated public debt subject to limitation with $3 billion margin for contingencies
1973:			
June 30	6	455	458
July 31	6	461	464
Aug. 31	6	467	470
Sept. 30	6	460	463
Oct. 31	6	464	467
Nov. 30	6	467	470
Dec. 31	6	466	469
1974:			
Jan. 31	6	467	470
Feb. 28	6	470	473
Mar. 31	6	474	477
Apr. 30	6	470	473
May 31	6	479	482
June 30	6	472	475

Source: Treasury Department, June 21, 1973.

Basis for Committee Action

In the 4 months that have passed since the budget proposals were submitted to Congress at the end of January, the economy of the United States has been subject to unusual and rapid change for such a short span of time. There has been a sharp rise in all prices which is reflected in both the consumer and wholesale price indexes. In food prices particularly the rate of change has been large, outdistancing all other price increases.

Although deficits in the U.S. balance of merchandise trade have decreased somewhat in recent months (April shows a surplus and the deficit in the balance on goods and services was eliminated in the first quarter, nevertheless there has been a renewal of speculative action against the dollar in the foreign currency markets. A strong and sustained selling of dollars in exchange for currencies in Europe and Japan induced the European countries and Japan in February to free the dollar in the foreign exchange market and to permit it to float and seek its own level in the world money markets. At the same time, the

President requested Congress to adjust the definition of the par value of the dollar in terms of gold by an amount which effectively reduced the value of the dollar by 10 percent.

Estimates of the performance of the American economy during 1973 also were subjected to sharp revisions. The revisions reflected, in part, the economic events described above. In addition, other significant changes in economic behavior affected the level of activity in the first quarter of 1973. As a result, gross national product increased by $43 billion over the fourth quarter of 1972 (in current prices and seasonally adjusted annual rates). Substantial increases also took place in each of the major sectors of the economy. The $27.9 billion increase in consumption expenditures was unusually large. Within the consumption sector, there was an increase of about $10 billion in purchases of durable goods and $12 billion in purchases of nondurable goods. More typically, quarterly increases in these sectors are $3 billion in durable goods and $6 billion in nondurable goods.

Most economists who make projections of the economy's performance have been compelled to make substantial adjustments in their estimates of the gross national product for 1973 since publication of the first quarter estimates. The administration, for example, increased its January estimate of $1,267 billion by $16 billion to its current estimate of $1,283 billion. Other projections for the same period generally reflect increases of approximately the same size. The rapid increase during the first quarter reflected an 8 percent annual rate of increase in real output and a 6.6 percent increase in prices (the deflator for gross national product). While it is generally believed that the economy cannot sustain an 8 percent increase in real output for more than a short period of time, uncertainty exists as to the rate of slow down during the rest of 1973 and in 1974.

The figures presented by the Treasury Department, as shown on table 5, indicate that up through November 30, the Treasury Department does not expect a month-end debt in excess of $467 billion. While this is $2 billion above the debt limitation allowable, it takes into account a $6 billion operating cash balance. With a balance only $2 billion less than this, the Treasury Department's figures indicate that the $465 billion limit is sufficient. While Congress frequently provides an extra $3 billion margin for contingencies, when a debt extension is made for a relatively long period of time, this should not be necessary for this short period immediately ahead. In any event, should the present debt limitation appear inadequate, Congress can reconsider the limitation before the November 30 deadline.

After carefully weighing all of these considerations, the committee concluded that its most prudent course was to extend the present $465 billion public debt limitation through November 30 of this year. The committee believes that the present limitation provides the administration with sufficient margin to meet financing needs during this period and that later in this session Congress will be in a better position to provide an appropriate limitation for the remainder of the fiscal year.

B. Exception from Interest Rate Ceiling on Bonds

(Sec. 2 of the bill)

Under present law, the Federal Government may not pay interest in excess of a 4¼ percent annual rate of interest on public debt obligations with a period to maturity longer than 7 years from the date of issue.[1] An exception in this limitation was provided 2 years ago when the Treasury Department was authorized to issue such bonds at an annual interest rate greater than 4¼ percent on a total of no more than $10 billion of outstanding bonds.

The administration originally requested the elimination of the 4¼ percent ceiling on all bonds issued by the Federal Government.

The administration in making this request pointed out that the $10 billion authority, granted 2 years ago to exceed the 4¼ percent interest rate limitation, had been used responsibly by the Treasury Department to make some improvement in the structure of the public debt. It was pointed out by the Treasury that in today's market it is not possible to sell Government bonds at an interest rate no higher than 4¼ percent. As a result, the Treasury Department, except to the extent permitted to do so by the $10 billion limitation, has had to issue only obligations with a period to maturity of not more than 7 years on which the interest rate limitation does not apply. The effect of this has been to shorten the average maturity of the privately held debt to the very low term of 3 years.

Short maturities tend to have a disturbing effect on the market because of the frequency with which it is necessary to go back into the market for refinancing. Although the Treasury Department follows debt management policies which minimize any disturbing impact, longer maturities would nevertheless be desirable.

The Treasury Department pointed out that it had used the exception to the 4¼-percent interest rate ceiling on seven occasions. The coupon interest rates in these cases varied from 6⅛ percent to 7 percent. On these seven occasions, a total of $8.4 billion of medium- and long-term bonds with maturities, at time of issue, ranging from 9 years–9 months to 25 years were issued. The Treasury pointed out that these sales, compared with the much larger corporate and State and municipal offerings, represent only a minor fraction of long-term security offerings. The Treasury Department indicated that in its view the success of these offerings reflected a demand on the part of investors for moderate amounts of the highest quality long-term securities which can only be satisfied through Treasury issues. It pointed out that this demand was unsatisfied between 1965 and 1971 when the Treasury Department was unable to offer new bonds because of the 4¼-percent ceiling.

The Treasury Department indicates that the difficulty with the exception to the 4¼-percent ceiling is that a significant portion of the offerings were taken on original issue by the Federal Reserve System and Government accounts and that additional amounts were acquired by them subsequently in the market. As a result, private holders currently have a total of only $4.5 billion as against $3.9 billion held by Government accounts and the Federal Reserve. The Treasury Department indicates that the dilemma it faced was that of allowing

[1] An exception to this limitation is provided for Series E and H bonds which may be held only by individuals. These bonds have their own limitation which at the present time is 5½ percent.

government accounts to obtain a reasonable amount of new long-term securities without dissipating the small amount of authority it had to issue bonds which should be largely reserved for improving the structure of the privately held Federal debt.

The committee agreed with the House that the dilemma faced by the Treasury Department could be met by not counting, within the $10 billion exception, bonds held by Government accounts and the Federal Reserve System. This will free the $10 billion limitation for use in lengthening the average maturity of the debt held by the public without impairing the right of governmental accounts to acquire public debt at the most favorable interest rates. The committee believes that no limitation is needed for Government accounts generally since in many cases Government accounts are restricted as to the interest rate they may receive. For example, the interest rate for the bonds held by the OASI trust fund is required to be the average market yield on the marketable public debt.

For the reasons indicated above, the committee agreed with the House to amend the provision which permits the Treasury Department to issue $10 billion in bonds with maturities of more than 7 years at interest rates greater than 4¼ percent. It is provided that no interest rate limitation is to apply to bonds held by Government accounts and that the $10 billion exception is to apply to bonds held by the public. The limitation in any case applies with respect to a new issue of bonds as of the time the bonds are issued. However, bonds bearing an interest rate of more than 4¼ percent may not be sold by a Government account to the public at any time that this would result in such bonds held by the public exceeding $10 billion.

Bonds held by the public are for this purpose considered to be any bonds not held by Government accounts. Government accounts in this case include only holdings by the Federal Reserve banks or an agency of the Federal Government which is wholly or partially owned by the Federal Government. For example, holdings of the social insurance trust funds or of the Federal Deposit Insurance Corporation are classified as being in Government accounts, while holdings of the Federal home loan banks or of the Federal National Mortgage Association are classified as being in the public holdings, since the Federal Government has no investment in these entities.

C. Income Tax Refund Bond for Individuals

(Sec. 3 of the bill)

In the Revenue Act of 1971, the Congress approved new withholding rates for withholding of individual income taxes on wages and salaries in order to eliminate serious underwithholding. The major source of this underwithholding was the way in which the low-income allowance had been incorporated into the withholding structure. This resulted in a married couple, where both spouses work, receiving two low-income allowances for withholding purposes while they were entitled to only one when they filed their tax return. Consequently, they had too little tax withheld; the same problem occurred for an individual who worked for more than one employer at the same time. A second source of underwithholding was that the top withholding rates were not high enough.

The Revenue Act of 1971 corrected this second source of underwithholding by increasing the top withholding rates. The act corrected the first source of underwithholding by adopting a "special withholding allowance" which a married taxpayer whose spouse was not employed (or a single person with only one employer) must claim on the withholding certificate (W–4) filed with his employer in order for the low-income allowance to be taken into account fully for withholding purposes.

These actions corrected the serious underwithholding which previously existed but also had the effect of significantly increasing the overwithholding in the case of other taxpayers. A major reason for the overwithholding apparently was the preference by many individuals to continue high overwithholding. Many employees did not file a new withholding certificate to claim this special withholding allowance and consequently were overwithheld. In addition, taxpayers did not take full advantage of the provision for reducing the overwithholding resulting from the higher withholding rates and large itemized deductions by claiming additional allowances on the withholding certificate.

The intent was to make withholding as accurate a reflection of individual income tax liability as possible. However, with the renewal of inflationary pressures the increased overwithholding became a helpful restraint by reducing the amount of funds available for spending in the private sector and also by reducing the budget deficit below what it otherwise would have been. Moreover, individuals apparently preferred to use overwithholding as a means of saving.

In view of these factors, the committee concluded that it would be wise to encourage individual taxpayers who are overwithheld to invest these funds in Government bonds. In order to simplify this procedure, the committee in this bill gives the Treasury Department the authority to issue what are called "check-bonds" for tax refunds. If the individuals hold the check for 6 months or longer from its issue date, the check is to become a bond having the same general characteristics as a Series E bond. These refund bonds are to draw interest from January 1 of the year of issue in the case of calendar year taxpayers. The interest rate and the redemption procedures will be the same as on Series E United States Savings Bonds. Given the present interest periods for Series E bonds, this means that in the case of a calendar year taxpayer no interest will be paid on any refund check-bond that is redeemed before July 1 of the year of issue. This provision is to be available to the Treasury Department for use in connection with returns filed on or after January 1, 1974.

In order to avoid confusion and to account accurately for source and ownership of the refund bond, taxpayer identifying numbers are to appear on each check-bond. This step also will facilitate accurate reporting of the interest earned by the bond at the time it is redeemed.

The bill provides for check-bonds to be issued with respect to refunds made to individuals (other than trusts and estates) with respect to the income tax and the social security tax on the self-employed (imposed under subtitle A of the Internal Revenue Code) including any amounts which may be claimed as credits against these taxes (such as the refundable tax credits for gasoline taxes and those for taxes on wages).

Taxpayers are to be eligible to receive the bond for a refund only in

situations where the return is filed within the time limit specified in the tax law without regard to extensions of time. For all taxpayers filing on a calendar year basis (the great bulk of individual taxpayers), this means that the refund can be paid as a bond only where the return is filed by April 15. Taxpayers who report on a fiscal year basis must file their return within 3½ months after the close of their fiscal year to be eligible for the bond. Refund claims arising from the filing of an amended return are not eligible for the refund privilege.

Present law provides interest rate limitations on a series E or H bond. For purposes of this limitation, it is intended that in the case of these check-bonds issued for refunds, the interest rate taken into account is to be the rate specified on the bond without regard to the fact that the bond was issued after the date from which the interest began to run.

D. Statistical Data on the Debt Limitation

TABLE 6.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation*

Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7, 538, 945, 400
40 Stat. 290, sec. 5, authorized certificate of indebtedness outstanding revolving authority	[2] 4, 000, 000, 000
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12, 000, 000, 000
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[2] 8, 000, 000, 000
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[2] 20, 000, 000, 000
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to	[2] 10, 000, 000, 000
40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of	[1] 7, 000, 000, 000
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to	[2] 7, 500, 000, 000
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	[2] 10, 000, 000, 000
Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	[1] 28, 000, 000, 000
Jan. 30, 1934: 48 Stat. 343, amending sec. 18, increased authority for notes outstanding to	[2] 10, 000, 000, 000
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing evolving authority) to	[2] 25, 000, 000, 000
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding	[2] 20, 000, 000, 000
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1.	
May 26, 1938; 52 Stat. 447 amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding	[2] 45, 000, 000, 000
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes	[2] 45, 000, 000, 000

See footnotes at end of table, p. 17.

TABLE 6.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation*—Continued

June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'"	[2] $49, 000, 000, 000
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to	[2] 65, 000, 000, 000
Eliminated separate authority for $4,000,000,000 of national defense series obligations.	
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[2] 125, 000, 000, 000
Apr. 11, 1943: 57 Stat. 63 amending sec. 21, increased limitation to	[2] 210, 000, 000, 000
June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to	[2] 260, 000, 000, 000
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate $300,000,000,000 outstanding at any one time"	[2] 300, 000, 000, 000
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation," and decreasing limitation to	[2] 275, 000, 000, 000
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by $6,000,000,000 to	[2] 281, 000, 000, 000
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to	[2] 281, 000, 000, 000
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by $3,000,000,000 for period, beginning July 1, 1956, and ending June 30, 1957, to	[2] 278, 000, 000, 000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	[2] 275, 000, 000, 000
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by $5,000,000,000	[2] 280, 000, 000, 000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to $283,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation	[2] 288, 000, 000, 000
June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959	[2] 290, 000, 000, 000
Amending sec. 21, temporarily increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959	[2] 295, 000, 000, 000

See footnotes at end of table, p. 17.

TABLE 6.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation*—Continued

June 30, 1960: 74 Stat. 290, amending sec. 21 for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000	[2] $293, 000, 000, 000
June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 30, 1962, temporarily increasing limitation by $13,000,000,000 to	[2] 298, 000, 000, 000
Mar. 13, 1962: 76 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 30, 1962, temporarily further increasing limitation by $2,000,000,000	[2] 300, 000, 000, 000
July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—	
1. Beginning July 1, 1962, and ending Mar. 31, 1963	[2] 308, 000, 000, 000
2. Beginning Apr. 1, 1963, and ending June 24, 1963	[2] 305, 000, 000, 000
3. Beginning June 25, 1963, and ending June 30, 1963	[2] 300, 000, 000, 000
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	[2] 307, 000, 000, 000
2. Beginning July 1, 1963, and ending Aug. 31, 1963	[2] 309, 000, 000, 000
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963	[2] 309, 000, 000, 000
Nov. 26, 1963: 77 Stat. 342, amending sec. 21 for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964	[2] 315, 000, 000, 000
2. On June 30, 1964	[2] 309, 000, 000, 000
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending June 30, 1965, temporarily increasing the debt limit to	[2] 324, 000, 000, 000
June 24, 1965: 79 Stat. 172, amending sec. 21 for the period beginning July 1, 1965, and ending on June 30, 1966, temporarily increasing the debt limit to	[2] 328, 000, 000, 000
June 24, 1966: 80 Stat. 221, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, temporarily increasing the debt limit to	[2] 330, 000, 000, 000
Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, temporarily increasing the debt limit to	[2] 336, 000, 000, 000
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to	[2] 358, 000, 000, 000
2. Temporarily increasing the debt limit by $7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period	[2] 365, 000, 000, 000
April 7, 1969: 83 Stat. 7—	
1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to	[2] 365, 000, 000, 000
2. Temporarily increasing the debt limit by $12,000,000,000 for the period from Apr. 7, 1969 through June 30, 1970, to make the limit for such period	[2] 377, 000, 000, 000
June 30, 1970: 84 Stat. 368—	
1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to	[2] 380, 000, 000, 000
2. Temporarily increasing the debt limit by $15,000,000,000 for the period from July 1, 1970, through June 30, 1971, to make the limit for such period	[2] 395, 000, 000, 000
March 17, 1971: 85 Stat. 5—	
1. Amending sec. 21, effective Mar. 17, 1971, increasing debt limitation to	[2] 400, 000, 000, 000
2. Temporarily increasing the debt limit by $30,000,000,000 for the period from Mar. 17, 1971, through June 1972, to make the limit for such period	[2] 430, 000, 000, 000
Mar. 15, 1972: 86 Stat. 63, temporarily increasing the debt limit by an additional $20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period	[2] 450, 000, 000, 000

See footnotes at end of table, p. 17.

TABLE 6.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation*—Continued

July 1, 1972: 86 Stat. 406, temporarily extending the temporary debt limit of $50,000,000,000 for the period from July 1 through October 31, 1972, to make the limit for such period	[2] $450, 000, 000, 000
October 27, 1972: 86 Stat. 1324, temporarily increasing the public debt limit by $65,000,000,000 for the period from November 1, 1972 through June 30, 1973, to make the limit for such period	[2] 465, 000, 000, 000

[1] Limitation on issue.
[2] Limitation on outstanding.

TABLE 7.—PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1938–73

[In millions of dollars]

Fiscal year	Public debt subject to limitation at end of year	Fiscal year	Public debt subject to limitation at end of year
1938	36, 882	1956	272, 361
1939	40, 317	1957	270, 188
1940	43, 219	1958	276, 013
1941	49, 494	1959	284, 398
1942	74, 154	1960	286, 065
1943	140, 469	1961	288, 862
1944	208, 077	1962	298, 212
1945	268, 671	1963	306, 099
1946	268, 932	1964	312, 164
1947	257, 491	1965	317, 581
1948	251, 542	1966	320, 102
1949	252, 028	1967	[2] 326, 471
1950	256, 652	1968	[2] 350, 743
1951	254, 567	1969	[2] 356, 932
1952	258, 507	1970	[2] 373, 425
1953	265, 522	1971	[2] 399, 475
1954	270, 790	1972	[2] 428, 576
1955	273, 915	1973 [1]	[2] 456, 309

[1] Debt at close of business, June 19, 1973.
[2] Includes FNMA participation certificates issued in fiscal year 1968.

Source: Table 1: Annual Report of the Secretary of the Treasury on the State of the Finances, 1967, p. 439, through 1967: table FD–8: Treasury Bulletin, January 1972, p. 25, for 1968 through 1971; Daily Treasury Statement, June 30, 1972, for 1972, and Daily Treasury Statement for June 19, 1973.

III. EXPLANATION OF PROVISIONS OF COMMITTEE AMENDMENT RELATING TO THE SOCIAL SECURITY ACT

(Title II of the bill)

A. Social Security Benefit Increase

(Sec. 201 of the bill)

Under a provision enacted as part of P.L. 92–336 last year, social security benefits will be increased automatically as the cost of living rises. The general provision of law states that each time the consumer price index rises by more than 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the amount that the cost of living has risen. Each of these cost-of-living increases becomes effective for the January following the year in which the rise in the cost of living occurs. Under present law, the first cost of living increase cannot become effective until January 1975.

The cost of living has risen by about 5.6 percent since the Congress enacted the automatic cost of living increase provision last June. In view of this rise, the committee does not believe that social security beneficiaries should have to wait until January 1975 for their benefits to be brought up to date with this rise in the cost of living. Accordingly, the Committee bill would provide for the first cost of living increase to take place next January rather than January 1975. The increase would be the same amount as the cost of living has risen in the 12-month period between June 1972 and June 1973, an estimated 5.6 percent.

Under the committee bill, the minimum benefit would be increased from $84.50 to $89.30 a month. The average old-age insurance benefit for a retired individual payable for the effective month would rise from an estimated $161 to $170 a month, the average benefit for aged couples would increase from an estimated $277 to $293 a month and the average benefit for aged widows would increase from an estimated $158 to $167. Special benefits for persons age 72 and over who are not insured for regular benefits would be increased from $58 to $61.30 for individuals and from $87 to $92 for couples.

TABLE 8.—AVERAGE MONTHLY FAMILY BENEFITS UNDER PRESENT LAW AND COMMITTEE BILL

	Average monthly amount	
	Present law	Committee bill [1]
Retired worker with no dependent entitled	$161	$170
Retired worker and wife	277	293
Disabled worker with no dependent entitled	178	188
Disabled worker with entitled wife and children	358	378
Aged widow	158	167
Widowed mother and 2 children	388	410

[1] Assumes a 5.6 percent increase in benefits for 1974.

Under the Committee amendment, nearly 30 million social security beneficiaries would receive an estimated additional $3.2 billion in social security benefits.

Illustrative examples of increases in benefits are shown in table 9 below.

TABLE 9.—ILLUSTRATIVE MONTHLY BENEFITS PAYABLE UNDER PRESENT LAW AND UNDER THE COMMITTEE BILL [1]

Average monthly earnings	Worker at 65		Couple		Widowed mother and 2 children	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
$76	$84.50	$89.30	$126.80	$133.90	$126.80	$133.90
$100	108.80	114.90	163.20	172.40	163.20	172.40
$200	154.40	163.10	231.60	244.60	231.60	244.60
$300	193.10	204.00	289.70	306.00	316.80	334.60
$400	233.30	246.40	350.00	369.60	425.70	449.60
$500	269.70	284.80	404.60	427.30	494.80	522.60
$600	309.80	327.20	464.70	490.80	548.20	578.90

[1] Assumes 5.6% cost-of-living increase between June 1972 and June 1973.

The Committee bill would increase social security cash benefit payments to which beneficiaries are entitled in calendar year 1974. Subsequent benefits, however, would not be increased under the committee bill above what they will otherwise be under the provisions of present law which become effective beginning January 1975; the Committee bill in effect makes the benefit related to the cost of living increase more timely. The Committee therefore feels there is no need to increase the long-range financing of the social security program since the bill provides an increase above present law in entitlement to benefits for only one year. The cash benefit trust funds under present law represent a little more than 9 months of benefit payments at the end of 1974. The Committee amendment would reduce the size of the cash benefit trust funds to a level just about equal to 9 months of benefit payments, considered by the Congress last year as an acceptable level of contingent funds on hand. The Committee therefore feels that there is no need to raise social security taxes for these additional benefits which relate only to calendar year 1974.

Tables 10, 11, and 12 below show the income and outgo of the social security cash benefit trust funds over the next five years under present law and under the Committee bill.

The estimates were prepared in the Social Security Administration on two alternative bases:

(1) A 7.1 percent automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official Government projections made in the spring of 1973 as to the growth in the gross national product and as to the rate of increase in the Consumer Price Index (CPI).

(2) A 8.5 percent automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April and May 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat less rapid decline in the rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of the stated year:

Year	General benefit increase [1]	Contribution and benefit base	Annual exempt amount under the retirement test
1975	7.1 and 8.5 percent.	$12,900	$2,280
1977	5.7	14,400	2,520

[1] Under the committee bill, the 1975 automatic benefit increase will be figured on the rates in effect in 1973 under present law and not on top of the 1974 benefit increase provided in the bill.

TABLE 10.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM: PROGRESS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE COMMITTEE BILL, WITH 2 ALTERNATIVE ASSUMPTIONS RELATING TO THE AUTOMATIC BENEFIT INCREASE EFFECTIVE JANUARY 1975, CALENDAR YEARS 1973–77

[In billions of dollars]

Calendar year	Income				Outgo			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	55.3	55.3	55.3	55.3	53.7	53.7	53.7	53.7
1974	61.3	61.2	61.3	61.2	57.1	59.9	57.1	59.9
1975	66.8	66.6	66.8	66.6	63.5	63.9	64.3	64.7
1976	70.7	70.5	70.7	70.5	66.9	67.0	67.8	67.9
1977	76.3	76.1	76.2	76.0	73.7	73.7	74.7	74.7

	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	1.6	1.6	1.6	1.6	44.3	44.3	44.3	44.3
1974	4.2	1.2	4.2	1.2	48.5	45.6	48.5	45.6
1975	3.3	2.7	2.5	1.9	51.8	48.3	51.0	47.5
1976	3.8	3.6	2.9	2.6	55.6	51.9	53.9	50.1
1977	2.7	2.4	1.6	1.3	58.3	54.3	55.5	51.5

TABLE 11.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM: PROGRESS OF THE OASI TRUST FUND, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE COMMITTEE BILL, WITH 2 ALTERNATIVE ASSUMPTIONS RELATING TO THE AUTOMATIC BENEFIT INCREASE EFFECTIVE JANUARY 1975, CALENDAR YEARS 1973–77

[In billions of dollars]

Calendar year	Income				Outgo			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	48.8	48.8	48.8	48.8	47.5	47.5	47.5	47.5
1974	54.1	54.1	54.1	54.1	50.4	52.9	50.4	52.9
1975	59.1	58.9	59.0	58.9	56.0	56.4	56.7	57.0
1976	62.6	62.4	62.5	62.3	58.9	59.0	59.7	59.8
1977	67.5	67.4	67.4	67.2	64.8	64.8	65.7	65.7

	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	1.3	1.3	1.3	1.3	36.6	36.6	36.6	36.6
1974	3.8	1.1	3.8	1.1	40.4	37.7	40.4	37.7
1975	3.0	2.5	2.3	1.8	43.4	40.3	42.7	39.6
1976	3.6	3.4	2.8	2.6	47.0	43.7	45.5	42.2
1977	2.7	2.5	1.7	1.5	49.8	46.2	47.2	43.7

TABLE 12.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM: PROGRESS OF THE DI TRUST FUND, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE COMMITTEE BILL, WITH 2 ALTERNATIVE ASSUMPTIONS RELATING TO THE AUTOMATIC BENEFIT INCREASE EFFECTIVE JANUARY 1975, CALENDAR YEARS 1973–77

[In billions of dollars]

Calendar year	Income				Outgo			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	6.5	6.5	6.5	6.5	6.2	6.2	6.2	6.2
1974	7.1	7.1	7.1	7.1	6.7	7.0	6.7	7.0
1975	7.7	7.7	7.7	7.7	7.5	7.6	7.6	7.6
1976	8.2	8.1	8.2	8.1	8.0	8.0	8.1	8.1
1977	8.8	8.8	8.8	8.7	8.8	8.8	9.0	9.0

	Net increase in funds				Assets, end of year			
	7.1 percent increase		8.5 percent increase		7.1 percent increase		8.5 percent increase	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
1973	0.3	0.3	0.3	0.3	7.7	7.7	7.7	7.7
1974	.4	.1	.4	.1	8.2	7.9	8.2	7.9
1975	.2	.2	.2	.1	8.4	8.0	8.3	7.9
1976	.2	.1	.1	(1)	8.6	8.2	8.4	8.0
1977	—.1	—.1	—.2	—.2	8.5	8.1	8.2	7.8

[1] Less than $50,000,000.

B. Supplemental Security Income for the Aged, Blind and Disabled

Under the current welfare programs, three categories of needy adults are eligible for Federally matched assistance payments: persons 65 and over, blind persons (without regard to age), and permanently and totally disabled persons 18 years of age and older. Through December 1973, the programs of aid to the aged, blind and disabled will be State-administered, with States setting the payment levels.

Each State establishes a minimum standard of living (needs standard) upon which assistance payments are based; any aged, blind or disabled person whose income is below the State needs standard will be eligible for some assistance, although the State need not pay the full difference between the individual's income and the needs standard.

Generally speaking, all income and resources of an aged, blind, or disabled person must be considered in determining the amount of the assistance payment (though a portion of earnings may be disregarded as a work incentive). Monthly State payments to an aged individual with no other income range between $71 and $250 and for an aged couple between $121 and $364.

Beginning January 1974, a new Federally administered Supplemental Security Income (SSI) program becomes effective. Under the new Supplemental Security Income program, persons 65 and over, blind persons, and disabled persons are guaranteed an income of $130 a month for individuals and $195 a month for couples.

In addition, the first $20 per month of regular income from any source (other than need-related income) will not be considered in determining eligibility for or the amount of the Supplemental Security Income payment. As a result of this provision, any aged, blind, or disabled person who receives social security benefits will be assured a monthly income of $150 for an individual and $215 for a couple.

In addition to creating the basic SSI program financed by general Federal revenues, the 1972 amendments encourage but do not require a State to provide payments supplementary to SSI if its present payments are higher than the new SSI standards. If a State so chooses and agrees to follow the basic Federal eligibility rules, the Federal Government will administer its supplementary payments program and assume all administrative costs. A State can administer a program that includes eligibility conditions different from SSI or provide for payments not included in SSI at its own expense for administration as well as for payments.

The Social Security Administration estimates that about 5.1 million aged, blind and disabled persons will be eligible next January for a Federal Supplemental Security Income payment. Of this total, 3.8 million persons will be eligible on the basis of being 65 years of age or older.

Of the 3.8 million aged persons who are estimated to be eligible for an SSI payment, 2.7 million, or about 71 percent, are now social security beneficiaries. This group includes persons eligible for a Federal payment only and persons eligible for both a Federal and a State supplementary payment. However, of the just over a million aged persons eligible for a State payment only (based on SSI eligibility conditions and the current State standard), 96 percent are social security beneficiaries. This proportion is not unexpected because persons eligible for only the State payment have countable income (nearly always social security) above the SSI standard.

In recent months, the Committee has become aware of the desirability of changes in the SSI program which would (1) take into account the unanticipated steep rise in the cost of living this past year, and (2) prevent certain unintended reductions in payment to current assistance recipients.

Increase in Supplemental Security Income Payments

(Sec. 210 of the bill)

The rapid rise in the cost of living which has led the committee to provide for a 5.6 percent cost-of-living increase in social security benefits beginning next January has an even greater effect on the neediest aged, blind and disabled persons—those who will be receiving Supplemental Security Income payments. Furthermore, if social security benefits are increased but no changes made in the Supplemental Security Income level, those SSI recipients who are also social security beneficiaries will have their SSI payment reduced one dollar for each dollar of social security increase.

The Committee bill, therefore, would increase the SSI levels from $130 to $140 for an individual and from $195 to $210 for a couple.

More than 5 million persons would receive an additional $325 million in SSI payments in calendar year 1974 as a result of this amendment, including 100,000 persons not eligible for SSI payments next January under present law who would become eligible for SSI payments for the first time under the committee amendment.

Covering "Essential Persons"

(Sec. 211 of the bill)

Under the present State programs of aid to the aged, blind, and disabled States may, in determining need for assistance, take into account the needs of "essential persons." These are primarily the spouses (themselves under age 65) of aged assistance recipients.

Under the new Federal program, only persons who are themselves over 65, blind or disabled may be eligible for Supplemental Security Income payments. Thus a man over 65 whose wife is under 65 is eligible for a maximum of only $130 in Supplemental Security Income, even though under the State program of aid to the aged, he and his wife may now be receiving the same benefits as a couple receives. An estimated 125,000 "essential persons" whose needs are presently taken into account by the States in determining the assistance payment will find their needs not taken into account under the Supplemental Security Income program beginning next January.

The committee amendment would prevent this reduction by extending eligibility for Supplemental Security Income payments to persons currently considered "essential persons" under State programs of aid to the aged, blind, and disabled. The guaranteed income level for an "essential person" would be $70 per month; thus an aged person whose spouse under 65 is currently on public assistance would be guaranteed an income of $210 under the Supplemental Security Income program beginning January 1974.

An estimated 125,000 persons would receive additional Federal payments of $100 million in calendar year 1974 under this committee provision.

Requiring State Supplementation

(Sec. 212 of the bill)

State payments for basic needs to aged individuals with no other income range from $71 monthly to $250; for a couple, payments

range from $121 to $364. Many States provide additional amounts to meet special needs of recipients. Twenty-eight States in March 1973 paid an aged individual with no other income less than $140 for basic needs and 24 States paid aged couples with no income less than $210 per month.

Thus under the committee bill, most individuals and couples in about half of the States would find their monthly payments increased beginning next January, and the States would have a substantial savings when the Federal program goes into effect. State savings will be even higher under the committee bill than under present law due to the increase in Federal SSI payments from $130 to $140 for an individual and from $195 to $210 for a couple.

In view of this huge Federal investment, the Committee feels it appropriate to require States for at least one year to assure that no current recipient will receive a reduction in payments due to the enactment of the SSI program. Accordingly, the Committee bill would in effect require that the State in calendar year 1974 supplement the SSI payment to any aged, blind, or disabled individual who is eligible for and receiving assistance under a State program in December 1973 so that he receives, when the SSI program becomes effective next January, at least the same amount as he would have received under the State plan in effect in June 1973. States not providing this required supplementation would not be entitled to Federal Medicaid matching funds in calendar year 1974. When the State determines that a special need (including one based on a rental allowance) is the reason for all or part of the supplementary State payment, and that the special need has been reduced or ceases to exist, it can appropriately reduce the payment.

A State would not be required to provide supplemental payments to persons who are ineligible for SSI payments because they (a) refuse to apply for other sources of income, (b) are drug addicts or alcoholics who refuse to undergo available treatment, or (c) are outside the United States for more than 30 days.

Under the committee amendment, the Secretary of Health, Education, and Welfare would be directed to administer the payments required under this section if the State wishes Federal administration of the payments.

Preference for Present State and Local Employees

(Sec. 213 of the bill)

Federal administration of the new Supplemental Security Income program will require the hiring of a substantial number of new Federal employees. The Secretary of Health, Education, and Welfare testified on June 19 that about 8,000 new employees have already been hired and that another 7,000 will be hired over the next six months. At the same time many States will no longer be administering an assistance program for the aged, blind, and disabled, and State and local employees now working in the programs of aid to the aged, blind, and disabled in these States will no longer have their present jobs when the new SSI program goes into effect next January.

The Committee bill includes a provision under which the Secretary of Health, Education, and Welfare, in hiring Federal employees for

the new SSI program, will provide a preference in employment to qualified present State and local employees who will be displaced when the new SSI program goes into effect.

Determination of Blindness

(Sec. 214 of the bill)

In the present State programs of aid to the blind, Federal law requires that "in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select" (Sec. 1002(a)(10) and Sec. 1602(a)(12) of the Social Security Act). There is no similar provision in the Supplemental Security Income program. The Committee amendment would provide that in determining whether an individual is eligible for Supplemental Security Income on account of blindness, "there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

TABLE 13.—**OLD-AGE ASSISTANCE:** INCOME ELIGIBILITY LEVEL FOR PAYMENTS AND LARGEST AMOUNT PAID FOR BASIC NEEDS, BY STATE, MARCH 1973

	Aged individual		Aged couple	
	Income eligibility level for payments	Largest amount paid for basic needs	Income eligibility level for payments	Largest amount paid for basic needs
Alabama	$158	$115	$266	$230
Alaska	250	250	350	350
Arizona	130	130	180	180
Arkansas	155	120	260	220
California	200	200	364	364
Colorado	147	147	294	294
Connecticut	238	238	286	286
Delaware	170	150	248	248
District of Columbia	160	128	200	160
Florida	132	132	181	181
Georgia	110	99	170	158
Hawaii	137	137	211	211
Idaho	182	182	219	219
Illinois	175	175	218	218
Indiana	185	100	247	200
Iowa	122	122	186	186
Kansas	203	203	247	247
Kentucky	111	111	190	190
Louisiana	154	107	252	202
Maine	153	130	274	260
Maryland	130	96	187	131
Massachusetts	199	199	295	295
Michigan	184	184	237	237
Minnesota	158	158	230	230
Mississippi	150	75	218	150
Missouri	211	85	287	170
Montana	120	111	192	175
Nebraska	182	182	235	235
Nevada	175	175	279	279
New Hampshire	173	173	228	228
New Jersey	162	162	222	222
New Mexico	116	116	155	155
New York	184	184	234	234
North Carolina	115	115	153	153

TABLE 13.—**OLD-AGE ASSISTANCE:** INCOME ELIGIBILITY LEVEL FOR PAYMENTS AND LARGEST AMOUNT PAID FOR BASIC NEEDS, BY STATE, MARCH 1973—Continued

	Aged individual		Aged couple	
	Income eligibility level for payments	Largest amount paid for basic needs	Income eligibility level for payments	Largest amount paid for basic needs
North Dakota	$125	$125	$190	$190
Ohio	131	131	218	218
Oklahoma	134	134	220	220
Oregon	153	144	221	208
Pennsylvania	138	138	208	208
Rhode Island	195	195	262	262
South Carolina	87	80	121	121
South Dakota	180	180	220	220
Tennessee	117	97	165	165
Texas	123	123	200	200
Utah	115	115	154	154
Vermont	177	177	233	233
Virginia	152	152	199	199
Washington	149	149	214	214
West Virginia	133	123	180	156
Wisconsin	210	210	254	254
Wyoming	150	120	200	200

TABLE 14.—**AID TO THE BLIND AND AID TO THE PERMANENTLY AND TOTALLY DISABLED:** INCOME ELIGIBILITY LEVEL FOR PAYMENTS AND LARGEST AMOUNT PAID FOR BASIC NEEDS, BY STATE, MARCH 1973

	Blind individual		Disabled individual	
	Income eligibility level for payments	Largest amount paid for basic needs	Income eligibility level for payments	Largest amount paid for basic needs
Alabama	$125	$125	$122	$71
Alaska	250	250	250	250
Arizona	130	130	130	130
Arkansas	155	120	155	120
California	215	215	193	193
Colorado	109	109	123	123
Connecticut	238	238	238	238
Delaware	228	150	150	135
District of Columbia	160	128	160	128
Florida	132	132	132	132
Georgia	110	99	110	99
Hawaii	137	137	137	137
Idaho	182	182	182	182
Illinois	175	175	175	175
Indiana	185	125	185	80
Iowa	144	144	122	122
Kansas	203	203	203	203
Kentucky	111	111	111	111
Louisiana	110	105	72	70
Maine	153	130	153	130
Maryland	130	96	130	96
Massachusetts	195	195	183	183
Michigan	184	184	184	184
Minnesota	158	158	158	158
Mississippi	150	75	150	75

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TABLE 14.—**AID TO THE BLIND AND AID TO THE PERMANENTLY AND TOTALLY DISABLED:** INCOME ELIGIBILITY LEVEL FOR PAYMENTS AND LARGEST AMOUNT PAID FOR BASIC NEEDS, BY STATE, MARCH 1973—Continued

	Blind individual		Disabled individual	
	Income eligibility level for payments	Largest amount paid for basic needs	Income eligibility level for payments	Largest amount paid for basic needs
Missouri	$275	$100	$190	$80
Montana	132	123	120	111
Nebraska	182	182	182	182
Nevada	152	152	(1)	(1)
New Hampshire	173	173	173	173
New Jersey	162	162	162	162
New Mexico	116	116	116	116
New York	184	184	184	184
North Carolina	126	126	115	115
North Dakota	125	125	125	125
Ohio	131	131	131	121
Oklahoma	134	134	134	134
Oregon	163	163	153	144
Pennsylvania	190	115	138	138
Rhode Island	195	195	195	195
South Carolina	103	95	87	80
South Dakota	180	180	180	180
Tennessee	117	97	117	97
Texas	123	123	123	123
Utah	125	125	115	115
Vermont	177	177	177	177
Virginia	153	153	152	152
Washington	149	149	149	149
West Virginia	133	123	133	123
Wisconsin	210	210	210	210
Wyoming	150	120	150	120

[1] No program.

TABLE 15.—NUMBER OF PERSONS AGED 65 OR OVER RECEIVING OASDI CASH BENEFITS, OAA MONEY PAYMENTS, OR BOTH, BY STATE, FEBRUARY 1973 [1]

State	Number				Number per 1,000 aged population			
	Unduplicated total	OASDI [2]	OAA	Both OASDI and OAA	Unduplicated total	OASDI [2]	OAA	Both OASDI and OAA
Alabama	325,275	286,000	112,409	73,134	932	819	322	210
Alaska	6,811	6,000	2,020	1,209	851	750	253	151
Arizona [3]		163,000						
Arkansas	235,142	215,000	57,060	36,918	926	846	225	145
California	1,727,651	1,658,400	295,945	226,614	902	866	155	118
Colorado	179,174	170,000	28,400	19,226	891	846	141	96
Connecticut	271,979	269,000	8,017	5,038	892	882	26	17
Delaware	43,661	43,000	2,979	2,318	929	915	63	49
District of Columbia	53,672	52,000	4,078	2,406	767	743	58	34
Florida	999,791	958,400	69,623	28,232	878	841	61	25
Georgia	361,141	322,000	85,741	46,600	921	821	219	119
Guam								
Hawaii	46,146	45,000	2,950	1,804	905	882	58	35
Idaho	68,334	67,300	3,159	2,125	936	922	43	29
Illinois	990,604	972,300	33,014	14,710	882	866	29	13
Indiana	465,476	462,000	14,270	10,794	906	899	28	21
Iowa	355,032	350,000	12,230	7,198	989	975	34	20
Kansas	248,553	244,400	9,127	4,974	894	879	33	18
Kentucky	324,109	301,000	54,923	31,814	918	853	156	90
Louisiana	292,536	254,200	107,360	69,024	895	777	328	21

See footnotes at end of table, p. 33.

TABLE 15.—NUMBER OF PERSONS AGED 65 OR OVER RECEIVING OASDI CASH BENEFITS, OAA MONEY PAYMENTS, OR BOTH, BY STATE, FEBRUARY 1973 [1]—Continued

State	Number				Number per 1,000 aged population			
	Unduplicated total	OASDI [2]	OAA	Both OASDI and OAA	Unduplicated total	OASDI [2]	OAA	Both OASDI and OAA
Maine	113,016	110,400	11,422	8,806	950	928	96	74
Maryland	272,240	267,100	9,590	4,450	840	824	30	14
Massachusetts	573,139	559,100	56,928	42,889	878	856	87	66
Michigan	741,182	725,200	40,358	24,376	941	920	51	31
Minnesota	385,730	379,200	13,554	7,024	905	890	32	16
Mississippi	222,125	194,000	82,724	54,599	941	822	351	231
Missouri	525,285	500,000	90,855	65,570	904	861	156	113
Montana	64,841	64,000	2,802	1,961	913	901	39	28
Nebraska	169,847	167,400	6,767	4,320	899	886	36	23
Nevada	31,579	31,000	2,697	2,118	877	861	75	59
New Hampshire	78,033	77,000	4,441	3,408	929	917	53	41
New Jersey	648,746	641,200	19,738	12,112	884	874	27	17
New Mexico	71,917	68,000	7,801	3,884	910	861	99	49
New York	1,796,307	1,756,300	110,874	70,867	901	881	56	36
North Carolina	415,096	396,000	30,949	11,853	927	884	69	26
North Dakota	65,452	64,000	3,805	2,353	935	914	54	34
Ohio	921,115	900,000	45,195	24,080	887	866	43	23
Oklahoma	290,022	263,300	53,940	27,218	912	828	170	86
Oregon	224,413	222,000	7,088	4,675	927	917	29	19
Pennsylvania	1,179,631	1,162,100	39,445	21,914	894	881	30	17

Puerto Rico	169,780	150,100	20,002	322	884	782	104	2
Rhode Island	98,731	97,200	4,026	2,495	914	900	37	23
South Carolina	192,144	179,300	17,321	4,477	928	866	84	22
South Dakota	77,587	76,000	3,210	1,623	935	916	39	20
Tennessee	373,726	351,000	46,963	24,237	912	856	115	59
Texas	945,876	886,000	183,942	124,066	882	826	171	116
Utah	75,383	74,000	2,374	991	887	871	28	12
Vermont	46,420	45,300	4,001	2,881	947	924	82	59
Virgin Islands	2,406	2,100	313	7	1,000	875	130	3
Virginia	343,417	336,200	13,861	6,644	872	853	35	17
Washington	315,497	309,400	17,342	11,245	920	902	51	33
West Virginia	185,277	179,000	13,171	6,894	922	891	66	34
Wisconsin	458,759	451,000	19,344	11,585	927	911	39	23
Wyoming	28,408	28,000	1,189	781	89	88	4	2

[1] Preliminary.
[2] Jan. 19, 1973.
[3] Other figures not available.

Source: Department of Health, Education, and Welfare.

C. Pass-Along of Social Security Benefit Increase to AFDC Recipients

(Sec. 220 of the bill)

Under present law if Social Security benefits are increased, recipients of aid to families with dependent children (AFDC) who are also social security beneficiaries find their AFDC payment reduced one dollar for each dollar that social security benefits are increased. To assure that AFDC recipients who are also social security beneficiaries receive the benefit of the social security cost of living increase provided in the Committee bill, the Committee bill would also require States, in determining need for AFDC, to disregard 5 percent of social security income when the beneficiaries begin receiving the cost-of-living social security benefit increase.

D. Social Services Regulations

(Sec. 230 of the bill)

Legislative Background

Legislation before 1972.—Before 1962, services provided to welfare recipients were subject to the same 50% Federal matching as was available for administrative expenses. In order to encourage States to provide social services designed to prevent and reduce dependency on welfare, the Congress in 1962 enacted legislation increasing the Federal matching for social services to 75% while leaving Federal matching for administrative costs at 50%. No definition of social services was included either in the 1962 bill or in the committee reports on the legislation; defining the scope of services was left to the Secretary of Health, Education, and Welfare and the States. The Social Security Amendments of 1967 broadened the services provisions of the Act, authorized matching for services purchased from non-public organizations, and temporarily (through fiscal year 1969) increased the rate of matching for AFDC services to 85 percent.

Under aid to families with dependent children, regulations of the Department of Health, Education, and Welfare prior to May 1, 1973 required States to provide child care and other services to enable persons to achieve employment and self-sufficiency, foster care services, services to prevent and reduce births out of wedlock, family planning services, protective services for neglected or abused children, services to help families meet their health needs, and specified services to meet particular needs of families and children. In addition, these regulations permitted 75% Federal matching for any services considered by the State as assisting members of a family "to attain or retain capability for maximum self-support and personal independence."

In 1971 the Congress enacted legislation increasing to 90% the Federal share of services needed in order for an AFDC recipient to participate in the Work Incentive Program.

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.

The Secretary, by law, was given specific auth rity to limit the contracting authority for social services and to limit the extent of services to potential (as opposed to actual) welfare recipients. In both cases, however, he had failed to establish effective limitations. In 1971 and 1972 particularly, States made use of the lack of limits on social services under the Social Security Act and the Act's open-ended 75 percent matching to pay for many programs previously funded entirely by the States or funded under other Federal grant programs at lower than 75 percent matching.

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 last year's legislation, Federal matching for social services to the aged, blind and disabled, and those provided under Aid to Families with Dependent Children are subject 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, and services provided a child in foster care can be provided to persons formerly on welfare or likely to become dependent on welfare as well as 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 the aged, blind, or disabled (or, after 1973, supplemental security income) or 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. A special savings clause was included in the Social Security Amendments of 1972 (H.R. 1, Public Law 92-603) to provide about $20 million in additional Federal funds in seven States (Alaska, Delaware, District of Columbia, Georgia, Illinois, South Carolina, and Washington) whose expenditures during the first quarter of fiscal year 1973 were higher than their first-quarter share of the $2.5 billion limit.

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 social services is at a 50 percent rate.

Under the conference report on the State and Local Fiscal Assistance Act, the Secretary of HEW was directed "to issue regulations prescribing the conditions under which State welfare agencies may purchase services they do not themselves provide."

The Secretary did issue new regulations, but they were concerned with far more than purchased services only; they represented a complete rewriting of the former social services regulations.

New Regulations of the Department of Health, Education, and Welfare

In the Federal Register for May 1, 1973, the Department of Health, Education and Welfare published new regulations concerning social services under the Social Security Act. Following four days of Finance Committee hearings in May, modifications were made in the regulations on June 1. The new regulations are scheduled to become effective on July 1, 1973. Some of the major features of the new regulations are outlined below.

Eligibility for services.—Under the new regulations, social services may be provided to cash assistance recipients and to former and potential recipients; however, the definition of former and potential recipients is considerably narrower than under the prior regulations. Services provided to former recipients must be provided within three months after assistance is terminated (compared with two years under the former regulations). Persons may qualify for services as potential recipients only if they are likely to become recipients within six months and only if they have gross monthly incomes no larger than $30 plus 150 percent of the State's cash assistance payment standard. In the case of child care services, potential recipients with gross monthly incomes above that limit but not more than $30 plus 233⅓ percent of the cash assistance payment standard may qualify for partially subsidized child care. To be eligible for services, including child care, individuals must also have countable resources (assets) which are less than six months' worth of cash assistance. 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 do not permit group eligibility but require an individualized eligibility determination for each recipient of services.

Scope of services.—The new regulations limit the type of services which may be provided to 18 specifically defined services and limit 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. Services for mentally retarded persons and for drug addicts and alcoholics are not specifically included in the list of services allowable under the new regulations. However, the regulations do provide that day care services can be made available where appropriate for eligible mentally retarded children and that until December 31, 1973, other types of eligible services may be provided to mentally retarded individuals without regard to the restrictions on the definition of "potential recipient." Medical services (including such services when provided in connection with the rehabilitation of drug addicts and alcoholics) are not eligible for matching under the new regulations except when related to family planning or to medical examinations which are required for admission to child care facilities or for persons caring for children under welfare agency auspices.

Procedural provisions.—The new regulations change a number of the administrative requirements imposed upon the States in connection with services; for example, the requirement of an AFDC advisory

committee is dropped and the requirement of recipient participation in the Advisory Committee on Day Care Services is eliminated. Similarly, a fair hearing procedure (as applicable to services) is no longer mandated. New regulations require more frequent review (every 6 months rather than each year) of the effectiveness of services being provided and require 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 new regulations would deny 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 will be relaxed under the new regulations over a period of time and will cease to apply starting July 1, 1976.

Conflict Between the Regulations and the Statute

The regulations scheduled to become effective July 1, 1973 are in direct conflict with the statute itself in a number of significant respects, as described below.

1. *Family planning services.*—Last year the Congress required States both to offer and promptly provide family planning services to all appropriate AFDC recipients desiring them, and indicated congressional priority for family planning services by increasing Federal matching for these services from 75% to 90%—for persons likely to become dependent on welfare as well as those already on the rolls. Congressional priority is also shown clearly by the inclusion of family planning services in the list of services which can be provided without regard to whether a person is receiving welfare. Yet the regulations permit Federal funds for services to persons not now on welfare only if they "are likely to become applicants for or recipients of financial assistance under the State plan within six months" (Section 221.6(b)(3) of the regulations). Under the regulations, either no family planning services can be provided to persons not now on welfare, or else the only kind of family planning services for which Federal matching would be available in such a case would be abortion (since a woman would have to be 3 months pregnant in order to be likely to become dependent on welfare within 6 months).

2. *Child Support.*—Federal law requires States, as a part of their plan for aid to families with dependent children, to attempt to establish the paternity of children born out of wedlock, to locate fathers who have deserted their families, and to try to collect support payments from these fathers. All of these provisions of Federal law require legal services, yet the HEW regulations (Section 221.9(b)(14)) define Federally matchable legal services as including only "the services of a lawyer in solving legal problems of eligible individuals to the extent necessary to obtain or retain employment. This excludes all other legal services."

3. *Alcoholism and drug abuse.*—Last year's limitation on social service funds listed five high priority categories of services which could be provided without regard to whether the recipient of services was on welfare or not. Included in the high priority list were "services provided to an individual who is a drug addict or alcoholic, but only if such

services are needed (as determined in accordance with criteria prescribed by the Secretary) as part of a program of active treatment of his condition as a drug addict or alcoholic" (section 1130(a)(2)(D) of the Social Security Act). Certainly, a major aspect of treatment of alcoholics and drug addicts involves medical care. Yet the HEW social services regulations (section 221.53(i)) preclude Federal matching for medical services except when related to family planning or to medical examinations which are required for admission to child care facilities or for persons caring for children under welfare agency auspices.

4. *Services for the mentally retarded.*—The 1972 legislation similarly list as a high priority item "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" (section 1130(a)(2)(C) of the Social Security Act). Despite this clear statement in the law providing priority for services for mentally retarded persons, these services are not specifically included in the list of services allowable under the new regulations. The regulations only provide that day care services can be made available when appropriate for eligible mentally retarded children (section 221.9(b)(3)) and that until December 31, 1973, other types of eligible services may be provided to mentally retarded individuals without regard to the restrictions on the definition of "potential recipient."

5. *Services to strengthen family life.*—Federal law requires States as a part of their plan for aid to families with dependent children to develop a program of family services defined in section 40 (d) of the Social Security Act as "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." Yet the HEW regulations (section 221.8(a)) permit Federal financial participation only for services which support the attainment of the goals of self-support or self-sufficiency.

6. *Mandatory services for the aged.*—In 1962, the Congress added a provision to the old-age assistance program authorizing 75% Federal matching for social services to the aged. In addition, the law stated (section 3(c)(1) of the Social Security Act) that in order for a State to qualify for this 75% matching, the State plan for old-age assistance had to provide that "the State agency shall make available to applicants for or recipients of old-age assistance under such State plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary." Under the former regulations, the Secretary required States to provide information and referral services, protective services, services to enable persons to remain in or return to their homes or communities and services to meet health needs (such as assistance in obtaining medical care and in arranging transportation to obtain medical care).

Under the new regulations a State need provide only one of the "defined services which the State elects to include in the State plan" (section 221.5(a)). One of these defined services is "special services

for the blind." Thus in contradiction to the clear language and intent of the law which has been in effect for a decade, the regulations would no longer require States to provide services to the aged which will help them to attain or retain capability for self-care.

7. *Former and potential welfare recipients.*—Another feature written into the Social Security Act in 1962 authorized 75 percent Federal matching for social services for former or potential welfare recipients, with the Secretary permitted to specify the time periods within which an individual was to be considered a former or potential recipient. For example, under aid to families with dependent children, 75 percent Federal matching is authorized for services "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 (emphasis added; section 403(a)(A)(ii) of the Social Security Act). Similar language is found in the programs of aid to the aged, blind, and disabled.

The prior regulations specified that former recipients were those who had received assistance within the past two years, while potential recipients were those likely to become dependent on assistance within five years. The new regulations set the period for former recipients at three months and for potential recipients at six months, but in the latter case they go considerably further than the regulatory authority conferred by the statute by setting specific income limits related to welfare payment levels and requiring that applicants for services meet an assets test related to the cash assistance assets test and payment level (section 221.6(c)(3) of the regulations as modified on June 1, 1973).

Committee Provision

The new regulations scheduled to become effective July 1, 1973 are so out of step with the clear requirements of the statute and with Congressional intent that the Committee feels the Congress needs an opportunity to review both the prior and the new regulations to see what kinds of policy should be incorporated in law rather than left for regulatory interpretation.

Accordingly, the Committee bill would assure that no new social services regulations would become effective before January 1, 1974. By that time, the Congress will be able to consider statutory changes in the provisions of law affecting social services.

The Committee recognizes that Public Laws 92–512 and 92–603 made substantial modifications in the law as it affects social services—chiefly by setting a limitation on Federal funds for social services and by changing the Federal matching rates for certain services. In approving a six-month delay in the Department's regulations, the Committee of course does not mean to modify the provisions of law enacted last year. The Committee recognizes that the former regulations have been made out of date to some extent by last year's legislation. Therefore, the Committee amendments specifically validates those sections of the new regulations which relate directly to new legislation (principally the revised matching rates for certain services and the $2.5 billion limitation on Federal matching funds).

E. Medicaid Amendments

Protecting Medicaid Recipients From Loss of Eligibility

If no other action is taken, several types of recipients will face the loss of eligibility for Federally shared Medicaid coverage either when the SSI program becomes effective next January or upon the termination in October 1974 of a savings clause related to the 20 percent social security benefit increase enacted in 1972. The Committee amendment would protect these cases from loss of Medicaid eligibility and would extend the savings clause related to the 20 percent benefit increase. The types of cases are described below.

Medicaid Eligibilty of "Essential Persons"

(Sec. 240 of the bill)

Under present law, State programs for the aged, blind and disabled may take into account the needs of "essential persons", primarily the spouses (themselves under age 65) of aged assistance recipients. If a State does this, it has the option of providing Medicaid to those essential persons.

Thirty-one States currently include eligibility of essential persons as a feature of their Medicaid programs.

Under the Supplemental Security Income program as enacted in 1972, if the spouse of an SSI recipient is not aged, blind or disabled, the spouse would not be eligible for any SSI payment and therefore would not be eligible for Medicaid beginning January 1, 1974 when the SSI program goes into effect.

Under a provision described earlier, the committee bill would provide for payment under SSI for those essential persons currently covered under State programs, In addition, the Committee amendment would provide that any individual eligible for Medicaid under the State plan as an essential person in December, 1973 would continue to be eligible for Medicaid as long as he continues to meet the requirements under which that essential person was eligible for Medicaid under the State plan in December, 1973.

Medicaid Eligibility for Persons in Medical Institutions

(Sec. 241 of the bill)

Under present law, in some States, persons are eligible for both cash assistance and Medicaid because of their special needs. However, they do not actually receive a cash payment because they are inpatients in institutions and have enough income to pay for their personal needs when Medicaid pays for their institutional care. The Supplemental Security Income program, which becomes effective January 1, 1974, does not permit this kind of consideration of special needs.

Consequently, a number of current Medicaid recipients in institutions could lose their Medicaid coverage because they will no longer be eligible for cash assistance next January. To prevent such loss of Medicaid, the Committee amendment would provide that those individuals in medical institutions in December, 1973 who would have been eligible for assistance except for the fact that they were inpatients (or whose special needs as inpatients make them eligible for assistance)

would be permitted to retain their Medicaid eligibility during such period of time as there is a continued need for institutional care for the condition or conditions for which they were institutionalized in December, 1973; and they continue to meet the other eligibility standards which obtained for such persons in December, 1973.

Medicaid Eligibility for Blind and Disabled Medically Needy Persons

(Sec. 242 of the bill)

Under the current State-administered programs of aid to the aged, blind, and disabled, States have varying definitions of blindness and disability. The Supplemental Security Income program which becomes effective next January contains a uniform Federal definition of blindness and disability. This new Federal definition of blindness and disability is more restrictive than that applied in a number of States and, consequently, the Congress was concerned that a number of persons who meet the State definition of blindness or disability, but who will fail to meet the Federal definition, would lose their eligibility for cash assistance and Medicaid.

To prevent this loss of eligibility for assistance, P.L. 92-603 contained a provision which would make eligible for SSI those persons who currently receive cash assistance on the basis of blindness or disability. However this provision did not provide continued Medicaid eligibility for those blind and disabled persons who do not meet the new definitions of blindness or disability and who currently receive only medical assistance—persons in institutions with enough income to cover their personal needs but not their institutional care needs, and medically needy persons.

The Committee amendment would rectify this omission by continuing Medicaid eligibility for these medically indigent and other persons eligible for Medicaid who meet current State definitions of blindness or disability.

Extension of 1972 Medicaid Protection Clause

(Sec. 243 of the bill)

Public Law 92-603 contained a savings clause continuing Medicaid eligibility for persons who would otherwise lose their eligibility because the 20 percent social security increase in 1972 raised their incomes above the eligibility level for cash assistance payments. This savings clause, presently scheduled to expire October 1974 would under the Committee bill be extended through June 1975. The Committee believes this extension will provide the Congress a better opportunity to deal with the issue of loss of Medicaid eligibility.

Repeal of Limit on Payments for Skilled Nursing Home and Intermediate Care Facility Services

(Sec. 244 of the bill)

Section 225 of P.L. 92-603 provides that for any calendar quarter beginning after December 31, 1972 the average per diem cost for skilled nursing homes and intermediate care facilities countable for Federal financial participation will be limited to 105 percent of such

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costs for the same quarter of the preceding year. It also authorizes the Secretary by regulation to increase the percentage to take account of increases in per diem costs which result directly from increases in the Federal minimum wage, or which otherwise result directly from provisions of Federal law enacted (or amendments to Federal law made) after the date of enactment of P.L. 92-603.

The Committee shares the concern over rising expenditures for skilled nursing home and intermediate care facility services which are due to rising costs or inappropriate utilization. However, it does not believe that Section 225 is an equitable or administrable method of achieving cost control.

The Committee believes that Section 225 is inconsistent with an upgrading of care in facilities which may result in additional costs to the facility. The provision is difficult to administer and inequitable in that it does not take into account many uncontrollable expenses and places an arbitrary limit, unrelated to services rendered, on payments to a facility. Furthermore, the Professional Standards Review Organization (PSRO) provision approved by the Congress last year should serve to effectively control costs for these services. In addition, a provision in P.L. 92-603 would require States to reimburse skilled nursing facilities and intermediate care facilities on a reasonable cost basis by July 1, 1976. The PSRO amendment, as well as the requirement for a reasonable differential between average Statewide reimbursement rates for intermediate care facility and skilled nursing facility care, will also contribute to more equitable and rational payment for institutional care, while providing some control on cost increases.

Since enactment of Section 225, the effect of inflationary factors—at annual rates in excess of the 5 percent limitation—as well as the fact that under Phase III health care facility charges and reimbursement are subject to continued control, have significantly added to the arguments against retention of Section 225. The Committee bill would therefore repeal this provision.

In the absence of cost control guidelines presently applicable to these facilities, the Department of Health, Education, and Welfare estimates the increased cost of repealing Section 225 at $22 million in the first full year. Because of the present cost control guidelines, however, any increase in Medicaid costs should be substantially less than $22 million.

F. Maternal and Child Health Project Grants

(Sec. 250 of the bill)

The 1967 Amendments to Title V of the Social Security Act authorized $350 million for fiscal year 1972 and each fiscal year thereafter for Maternal and Child Health Services. The 1967 provision contained an allocation formula which originally divided the funds as follows:

(a) 50 percent of any appropriations are for formula grants to the States;

(b) 40 percent of any appropriations are for special project grants; and

(c) 10 percent of any appropriations are for research and training grants.

The intent of this section of the 1967 Amendments was to divide available funds in this fashion for a few years so that the Federal Government could fund innovative special projects which States might not be able to fund out of their formula grants. The special project grants are scheduled to terminate as of June 30, 1973, and thereafter 90 percent of appropriations are earmarked for formula grants to States. The rationale underlying this approach was that after a few years' time, States would recognize the value of worthwhile projects and continue to support such project grants as part of an overall State program for improving maternal and child health.

Two problems have developed since the present law was enacted. First, the special project grants have been utilized primarily in urban areas, while the formula grants are weighted in favor of rural States. Thus a significant shift of funds from urban States with project grants to rural States without project grants would occur if the project grant authorities were terminated as presently scheduled. Additionally, many project grant directors have indicated that because of other pressures on State finances, State health departments would be reluctant to use new formula grant funds to continue support for project grants, however worthy they might be.

The Committee is concerned with the risk of terminating worthy projects but also recognizes the need for Statewide coordination of the maternal and child health program.

The Committee has approved an amendment which would assist orderly budgeting by grantees and provide time for orderly transition to a State-coordinated program. First, the Committee provision would extend the authorization for project grants until June 30, 1974. After that date, 90 percent of the Maternal and Child Health funds would be allocated to States on the formula basis. However, the amendment provides (1) an additional authorization so that no State would be eligible for less funds after June 30, 1974 than the total amount allocated to a State in formula and project grants in FY 1973, and (2) that States would be required to make appropriate arrangements for the continuation of services to the population in areas previously served under project grants. Under a special provision, in fiscal year 1974 an additional authorization would result in each State being eligible to receive the greater of (1) the total of fiscal year 1973 project and formula grants, or (2) the sum such State would have otherwise been entitled to if the project grants had not been extended during fiscal year 1974.

IV. PROVISIONS IN COMMITTEE BILL RELATING TO SPENDING LIMIT FOR 1974 AND IMPOUNDMENT PROCEDURES

The House committee in its report noted the absence at this time of any other means of providing effective overall congressional control over the budget and in view of that concluded that it was desirable to use the debt limitation for that purpose to the extent possible. The Committee, while not viewing the provisions dealt with here as a substitute for the development of permanent budgetary controls, nevertheless concluded that it was desirable to provide an expenditure ceiling for the fiscal year 1974 together with a procedure for allocating any reductions this ceiling makes necessary. In addition, it has added

impoundment control procedures to deal with the impoundment of funds by the President to the extent these are not consistent with the procedure provided by the committee in this bill; that is, with specific exceptions, they are to be made on a pro rata basis. The spending ceiling provided here for the fiscal year 1974, together with the impoundment procedures are the same (with the exception that the ceiling for 1974 has been raised from $268.0 billion to $268.7 billion) as the provisions in S. 373 which has been passed by the Senate and also the same with the exception noted, as the provisions included in H.R. 6912, which also has been passed by the Senate.

A. Impoundment Control Procedures

(Title III of the bill)

The amendment added to the bill with respect to impoundment procedures seeks to preserve the constitutional role of the Congress in fiscal matters. It seeks to accomplish this purpose by providing reasonable congressional controls on Presidential impoundments by procedures which enable Congress to scrutinize impoundment actions and to pass judgment on them. In basic thrust, the amendment institutionalizes "reasonable" controls on impoundments. It does not forbid them entirely.

More specifically, the enactment of this amendment clarifies the limits of existing legal authority of the executive branch to impound budget authority, prevents unilateral nullification by the executive branch of enacted authorizations and appropriations and establishes orderly procedures for the reordering of budget priorities through joint action by the President and the Congress.

Under the provision added by the Committee, whenever the President (or any officer or employee of the United States) impounds any budget authority, the President is to send to the Senate and House of Representatives a special message. This message is to specify—

1. The amount of budget authority impounded,
2. The date the impoundment was ordered,
3. The date the budget authority was actually impounded,
4. The department, agency, or account affected by the impoundment,
5. The period of time in which the impoundment is to be effective,
6. The reasons for the impoundment (including any legal authority for the action), and
7. To the maximum extent practical, the estimated fiscal economic, and budgetary effect of impoundment.

This special message is to be sent to the Senate and House within ten days of the time the impoundment occurs. If the House or Senate are not in session, the message is to be delivered to the Clerk of the House or the Secretary of the Senate. The message may be printed by either House as a document.

In addition, a copy of each special message is to be sent to the Comptroller General on the same day as it is submitted to the Senate and House. The Comptroller General is to review each message to determine whether in his judgment the impoundment was in accordance with existing statutory authority. He is to notify both Houses of

Congress within 15 days after the receipt of the message, as to his determination on this matter. If he finds that the impoundment was in accordance with the Anti-Deficiency Act (section 3679 of the revised statutes (31 USC 665)), no further action is to be taken with respect to the impoundment. In all other cases, however, the Comptroller is to advise the Congress whether the impoundment was in accordance with existing law.

Testimony before a Senate committee has indicated that hundreds of impoundments of a routine nature are made each year under the Anti-Deficiency Act and that, as a result, Congress would be flooded with resolutions of approval if congressional action were required on each of these. This is why the provision delegates authority to the Comptroller General to screen out impoundments which are made in accordance with the Anti-Deficiency Act. Further provision is made for additional publication of special messages submitted, as well as any supplementary messages.

The bill directs the President (or any officer or employee of the United States) to cease impounding any budget authority set forth in each special message within 60 days after the President's message is received, unless the Congress passes a concurrent resolution which approves of the impoundment. This does not, however, apply to those impcundments found by the Comptroller General to come within the Anti-Deficiency Act. However, Congress by concurrent resolution may disapprove of any impoundment in whole or in part before the expiration of the 60-day period.

The effect of either the specific disapproval by Congress of an impoundment within the 60-day period, or the failure to approve of an impoundment within the 60-day period, is to make the obligation of the budget authority mandatory and to preclude the President, or any other Federal officer or employee, from reimpounding this budget authority.

Definitions are provided as to what constitutes an impoundment.

The rules of the House and Senate are also amended to take into account the impoundment procedure. Also included are definitions of the type of resolution referred to and the form of the resolution. Further, it is provided that the impoundment concurrent resolution is not to be referred to a committee but is to be treated as privileged business for immediate consideration following the receipt of the report of the Comptroller General. Debate on the resolution is to be limited to ten hours equally divided between those favoring and those opposing the resolution.

In the event the administration impounds budgetary authority but the President fails to report that action to the Congress by special message, the Comptroller General is to report this action, together with any available information concerning it, to the Senate and the House. The purpose of this provision is to treat impoundments of this type in the same manner, and with the same effect, as if the report of the Comptroller General had been made by the President. However, the 60-day period after which the impoundment is nullified (if not otherwise provided by Congress), is to be treated as commencing at the time the Comptroller General finds the impounding action was taken. This is earlier than the time which would have applied had the President sent the special message, in order to discourage non-reporting of impoundments by the President.

It should be clear that nothing contained in this anti-impoundment provision should be interpreted as an approval of any impounding of budgetary authority made in the past or in the future unless done pursuant to statutory authority at the time of the impoundment.

It is also provided that the Comptroller General is to represent the Congress, through attorneys of his own choosing, in the U.S. District Court for the District of Columbia in order to enforce the anti-impoundment provisions. The Comptroller General is empowered to act as the representative of the Congress with respect to these impoundments. The U.S. District Court of the District of Columbia is also empowered to enter into necessary or appropriate orders to secure compliance with this provision.

This amendment further requires that all funds appropriated by law are to be made available and obligated by all agencies of the executive branch unless a restriction on the availability of the funds is approved under the provisions of this impoundment control procedure.

Should the President desire to impound appropriations made by the Congress in ways not authorized by this bill or the Anti-Deficiency Act, he is to seek legislation utilizing the supplemental appropriations process to obtain selective rescissions.

A severance clause provides that if any part of this provision (or its application under any circumstance) is held invalid, the validity of the remainder of the provision (and its application under other circumstances) is not to be affected.

The impoundment procedure set forth in these provisions is to take effect on and after the date of enactment of this bill.

B. Ceiling on Fiscal Year 1974 Expenditures

(Title IV of the bill)

This year, the Administration submitted a budget for the fiscal year 1974 calling for $268.7 billion in total unified budget outlays. At that time, it indicated that a spending ceiling would be helpful in keeping outlays within that limit. The Committee believes that a procedure for budget control on a permanent basis is desirable as is also suggested by the House Committee report. However, since such a procedure has not yet been agreed to by the two Houses, the committee concluded that it was desirable to make temporary provision for budget control through a spending ceiling for the fiscal year 1974.

In the earlier bills passed by the Senate this year making provision for a spending ceiling, a ceiling was set at $268.0 billion. The Committee concluded, in view of necessary outlay increases it has required in other sections of this bill, that it was necessary to raise the ceiling back to the level initially requested by the President; namely $268.7 billion. It is believed that this additional $700 million will provide for much of the additional fiscal year 1974 spending contained in other provisions of this bill.

The committee recognized that in order to attain the spending ceiling provided in this bill, the President may find it necessary to make impoundments. The Senate, when it, in the last Congress, considered the procedure to be followed in selecting the programs to be impounded, concluded that the appropriate procedure was to provide for a proportional reduction in all functional (and to the

extent possible subfunctional) categories with exception for certain specific categories where the outlay is clearly uncontrollable. In view of the fact that the Senate has specifically endorsed this method of providing for impoundments, the Committee concluded that the President should be directed to use this procedure in reducing any outlays to the extent necessary to realize the $268.7 billion ceiling.

As indicated in the impoundment procedures, it was concluded that all impoundments should be reported to Congress. This includes the impoundments necessary to reduce the outlay level to $268.7 billion. However, if the Comptroller General determines that the cuts necessary to reduce the total to $268.7 billion are proportionate (in each functional category and to the extent possible in each subcategory), with the exceptions for the categories noted below, no further Congressional action will be necessary and the reservation will be in effect approved. If, on the other hand, the Comptroller General determines that the cuts were not in proportion, then the impoundments are to be treated in the same manner as those referred to under the anti-impoundment provision.

The categories with respect to which no impoundments are to be made are the amounts available for interest, veterans' benefits and services, payments for social insurance trust funds, public assistance maintenance grants and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, Medicaid, and judicial salaries.

In no event is the authority conferred under this provision to be used to impound funds for the purpose of eliminating a program, the creation or continuation of which has been authorized by Congress.

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 this bill and the effect on the revenues of the bill. The social security benefit increase would cost an additional $3.2 billion in trust fund outlays, of which $2.9 billion represents increased benefit payments in calendar year 1974. The first full year general fund costs associated with the other provisions in Title II of the committee bill are as follows:

	1st full year cost (in millions)
Supplemental Security Income:	
Increase in payment levels	$325
Covering "essential persons" now receiving assistance	100
Pass along of social security benefit increase to AFDC recipients	9
Medicaid amendments:	
Protecting presently covered persons from loss of eligibility:	
"Essential persons"	15
Persons in medical institutions	5
Blind and disabled medically needy persons	105
Extension of savings clause related to 20 percent social security benefit increase	25
Repeal of limit on payments for skilled nursing home care	[1] 22
Total	606

[1] In the absence of cost control guidelines.

VI. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote of the committee on reporting the bill. This bill was ordered favorably reported by the committee without a roll call vote and without objection.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with subsection 4 of rule XXIX of the Rules of the Standing rules of the Senate, 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):

SECTION 101 OF THE ACT OF OCTOBER 27, 1972

TITLE I—TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

SEC. 101. During the period beginning on November 1, 1972, and ending on [June 30] *November 30*, 1973, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $65,000,000,000.

SECOND LIBERTY BOND ACT

AN ACT To authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this Act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills of the United States, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor bonds of the United States.

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding four and one-quarter per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value. Bonds [herein] authorized *by this section* may be issued from time to time *to the public and to Government accounts* at a rate or rates of interest exceeding 4¼

per centum per [annum, but the aggregate face amount of bonds issued pursuant to this sentence shall not exceed $10,000,000,000] *annum; except that bonds may not be issued under this section to the public, or sold by a Government account to the public, with a rate of interest exceeding 4¼ per centum per annum in an amount which would cause the face amount of bonds issued under this section then held by the public with rates of interest exceeding 4¼ per centum per annum to exceed $10,000,000,000.*

* * * * * * *

SEC. 22. (a) The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, United States savings bonds and United States Treasury savings certificates, the proceeds of which shall be available to meet any public expenditures authorized by law, and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis. The various issues and series of the savings bonds and the savings certificates shall be in such forms, shall be offered in such amounts, subject to the limitation imposed by section 21 of this Act, as amended, and shall be issued in such manner and subject to such terms and conditions consistent with subsections (b), (c), and (d) hereof, and including any restrictions on their transfer, as the Secretary of the Treasury may from time to time prescribe.

(b)(1) Savings bonds and savings certificates may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis and shall mature, in the case of bonds, not more than twenty years, and in the case of certificates, not more than ten years, from the date as of which issued. Such bonds and certificates may be sold at such price or prices, and redeemed before maturity upon such terms and conditions as the Secretary of the Treasury may prescribe: *Provided*, That the interest rate on, and the issue price of, savings bonds and savings certificates and the terms upon which they may be redeemed shall be such as to afford an investment yield not in excess of 5½ per centum per annum, compounded simiannually. The denominations of savings bonds and of savings certificates shall be such as the Secretary of the Treasury may from time to time determine and shall be expressed in terms of their maturity values. The Secretary of the Treasury is authorized by regulation to fix the amount of savings bonds and savings certificates issued in any one year that may be held by any one person at any one time.

(2) The Secretary of the Treasury, with the approval of the President, is authorized to provide by regulations:

(A) That owners of series E and H savings bonds may, at their option, retain the bonds after maturity, or after any period beyond maturity during which such bonds have earned interest, and continue to earn interest upon them at rates which are consistent with the provisions of paragraph (1).

(B) That series E and H savings bonds on which the rates of interest have been fixed prior to such regulations will earn interest at higher rates which are consistent with the provisions of paragraph (1).

(3) The Secretary of the Treasury, with the approval of the President, may increase the interest rates and the investment yields on any offerings of United States savings bonds by not more than one-half of one percent for any interest accrual period that begins on or after

June 1, 1970, and for any interest accrual period thereafter, to be paid as a bonus either on redemption or at maturity as the Secretary shall specify at the time the increase is provided.

(c) The Secretary of the Treasury may, under such regulations and upon such terms and conditions as he may prescribe, issue, or cause to be issued, stamps, or may provide any other means to evidence payments for or on account of the savings bonds and savings certificates authorized by this section, and he may make provision for the exchange of savings certificates for savings bonds. The limitation on the authority of the Postmaster General to prescribe the denominations of postal-savings stamps contained in the second paragraph of section 6 of the Act of June 25, 1910, as amended (U.S.C., title 39, sec. 756), is removed; and the Postmaster General is authorized, for the purposes of such section and to encourage and facilitate the accumulation of funds for the purchase of savings bonds and savings certificates, to prepare and issue postal-saving stamps in such denominations as he may prescribe.

(d) For purposes of taxation any increment in value represented by the difference between the price paid and the redemption value received (whether at or before maturity) for savings bonds and savings certificates shall be considered as interest. The savings bonds and the savings certificates shall not bear the circulation privilege.

(e) The appropriation for expenses provided by section 10 of this Act and extended by the Act of June 16, 1921 (U.S.C., title 31, secs. 760 and 761), shall be available for all necessary expenses under this section, and the Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General from such appropriation such sums as are shown to be required for the expenses of the Post Office Department and of the Postal Service, in connection with the handling of savings bonds, savings certificates, and stamps or other means provided to evidence payment therefor, which sums may be used for additional employees or any other expenditure, wherever or in whatever class of post office incurred, in connection with such handling.

(f) No further original issue of bonds authorized by section 10 of the Act approved June 25, 1910 (U.S.C., title 39, sec. 760), shall be made after July 1, 1935.

(g) At the request of the Secretary of the Treasury the Postmaster General, under such regulations as he may prescribe, shall require the employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the issue, delivery, safekeeping, redemption, or payment of the savings bonds and savings certificates, or in connection with any stamps or other means provided to evidence payments.

(h) The Secretary of the Treasury, under such regulations as he may prescribe, may authorize or permit payments in connection with the redemption of savings bonds and savings notes to be made by commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions. No bank or other financial institution shall act as a paying agent until duly qualified as such under the regulations prescribed by the Secretary, nor unless (1) it is incorporated under

Federal law or under the laws of a State, Territory, possession, the District of Columbia, or the Commonwealth of the Philippine Islands; (2) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the purchase of shares; (3) it is under the supervision of the banking department or equivalent authority of the jurisdiction in which it is incorporated; and (4) it maintains a regular office for the transaction of its business.

(i) Any losses resulting from payments made in connection with the redemption of savings bonds and savings notes shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve bank, or any qualified paying agent authorized or permitted to make payments in connection with the redemption of such bonds and notes, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve bank, or the qualified paying agent. The Post Office Department or the Postal Service shall be relieved from such liability upon a joint determination by the Postmaster General and the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Post Office Department or the Postal Service. Relief from liability shall be granted in all cases where the Secretary of the Treasury shall determine, under regulations prescribed by him, that written notice of liability or potential liability has not been given by the United States, within ten years from the date of the erroneous payment, to any of the foregoing agents or agencies whose liability is to be determined: *Provided*, That no relief shall be granted in any case in which a qualified paying agent has assumed unconditional liability to the United States. The provisions of section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury shall apply to the determinations made pursuant to this subsection. All recoveries and repayments on account of such losses, as to which replacement shall have been made out of the fund, shall be credited to it and shall be available for the purposes thereof. The Secretary of the Treasury shall include in his annual report to the Congress a statement of all payments made from the fund pursuant to this subsection.

(j)(1) The Secretary of the Treasury is authorized to prescribe by regulations that checks issued to individuals (other than trusts and estates) as refunds made in respect of the taxes imposed by subtitle A of the Internal Revenue Code of 1954 may, at the time and in the manner provided in such regulations, become United States Savings Bonds of Series E. Except as provided in paragraph (2), bonds issued under this subsection shall be treated for all purposes of law as Series E bonds issued under this section. This subsection shall apply only if the claim for refund was filed on or before the last day prescribed by law for filing the return (determined without extensions thereof) for the taxable year in respect of which the refund is made.

(2) Any check-bond issued under this subsection shall bear an issue date of the first day of the first calendar month beginning after the close of the taxable year for which issued.

(3) In the case of any check-bond issued under this subsection to joint payees, the regulations prescribed under this subsection may provide that either payee may redeem the bond upon his request.

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EXCERPTS FROM THE SOCIAL SECURITY ACT

TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

* * * * * * *

Computation of Primary Insurance Amount

Sec. 215. For the purposes of this title—

* * * * * * *

Cost-of-Living Increases in Benefits

(i) (1) For purposes of this subsection—

(A) the term "base quarter" means (i) the calendar quarter ending on June 30 in each year after 1972, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

(B) the term "cost-of-living computation quarter" means a base quarter, as defined in subparagraph (A)(i), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and

(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

(2) (A) (i) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1) (B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1) (A) (i)) in such year is a cost-of-living computation quarter.

(ii) If the Secretary determines that such base quarter is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title (but not including a primary insurance amount determined under subsection (a)(3) of this section), by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228

as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after December of such calendar year.

(C)(i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination on or before August 15 of such calendar year, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall reflect the year in which the primary insurance amounts set forth in column IV of the table immediately prior to its revision were effective.

(ii) The amounts on each line of column I and column III, except as otherwise provided by clause (v) of this subparagraph,

shall be the same as the amounts appearing in each such column in the table immediately prior to its revision.

(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

(iv) The amounts on each line of column IV and column V shall be increased from the amounts shown in the table immediately prior to its revision by increasing each such amount by the percentage specified in subparagraph (A)(ii) of this paragraph. The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(v) If the contribution and benefit base (determined under section 230) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V of such table shall be extended. The amounts on each additional line of column III shall be the amounts on the preceding line increased by $5 until in the last such line of column III the second figure is equal to one-twelfth of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised. The amount on each additional line of column IV shall be the amount on the preceding line increased by $1.00, until the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the new contribution and benefit base for the calendar year following the calendar year in which such table of benefits is revised (as determined under section 230) over such base for the calendar year in which the table of benefits is revised. The amount in each additional line of column V shall be equal to 1.75 times the amount on the same line of column IV. Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

(3) As used in this subsection, the term "general benefit increase under this title" means an increase (other than an increase under this subsection) in all primary insurance amounts on which monthly insurance benefits under this title are based.

* * * * * * *

Adjustment of the Contribution and Benefit Base

Sec. 230. (a) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the first month of the calendar year following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

(b) The amount of such contribution and benefit base shall be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

(1) the contribution and benefit base which was in effect with respect to remuneration paid in (and taxable years beginning in) the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made, and

(2) the ratio of (A) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to the latest of (B) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973 or the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a),

with such product, if not a multiple of $300, being rounded to the next higher multiple of $300 where such product is a multiple of $150 but not of $300 and to the nearest multiple of $300 in any other case.

(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the "contribution and benefit base" with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the first month of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be $12,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.

* * * * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES [1]

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—

* * * * * * *

(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, *and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II;* 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 4 months preceding such month, the needs of such person were met by the furnishing of aid under the plan;

* * * * * * *

(19) provide—

* * * * * * *

(G) that the State agency will have in 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 individuals 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;

* * * * * * *

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—

* * * * * * *

(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.

* * * * * * *

TITLE V—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

Authorization of Appropriations

Sec. 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling,

there are authorized to be appropriated $250,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $300,000,000 for the fiscal year ending June 30, 1971,

$325,000,000 for the fiscal year ending June 30, 1972, and $350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

Purposes for Which Funds Are Available

Sec. 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

(1) In the case of the fiscal year ending June 30, 1969, and each of the next [4] *5* fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

(2) In the case of the fiscal year ending June 30, [1974] *1975* and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and 504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504, which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

Allotments to States for Maternal and Child Health Services

Sec. 503. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for maternal and child health services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 plus such part of the remainder of such one-half as he finds that the number of live births in such State bore to the total number of live births in the United States in the latest calendar year for which he has statistics.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States

from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of live births in such State; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health.

Allotments to States for Crippled Children's Services

Sec. 504. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for crippled children's services as follows:

(1) One-half of such amount shall be allotted by allotting to each State $70,000 and allotting the remainder of such one-half according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them.

(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of crippled children in each State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children.

Approval of State Plans

Sec. 505. (a) In order to be entitled to payments from allotments under section 502, a State must have a State plan for maternal and child health services and services for crippled children which—

(1) provides for financial participation by the State;

(2) provides for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; except that in the case of those States which on July 1, 1967, provided for administration (or

supervision thereof) of the State plan approved under section 513 (as in effect on such date) by a State agency other than the State health agency, the plan of such State may be approved under this section if it would meet the requirements of this subsection except for provision of administration (or supervision thereof) by such other agency for the portion of the plan relating to services for crippled children, and, in each such case, the portion of such 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;

(3) provides (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 necessary for the proper and efficient operation of the plan and (B) provides 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;

(4) provides 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 he may from time to time find necessary to assure the correctness and verification of such reports;

(5) provides for cooperation with medical, health, nursing, educational, and welfare groups and organizations and, with respect to the portion of the plan relating to services for crippled children, with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children;

(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards, consistent with section 1122, which shall be developed by the State and included in the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII;

(7) provides, with respect to the portion of the plan relating to services for crippled children, for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic condi-

tions discovered thereby, through provision of such periodic screening and diagnostic services, and such treatment, care and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

(8) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 508 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily helping to reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with child bearing and of satisfactorily helping to reduce infant and maternal mortality;

(9) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 509 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the health of children and youth of school or preschool age;

(10) effective July 1, [1973] *1974* provides a program (carried out directly or through grants or contracts) of projects described in section 510 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the dental health of children and youth of school or preschool age;

(11) provides for carrying out the purposes specified in section 501;

(12) provides for the development of demonstration services (with special attention to dental care for children and family planning services for mothers) in needy areas and among groups in special need;

(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed;

(14) provides that acceptance of family planning services provided under the plan shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to eligibility for or the receipt of any service under the plan; and

(15) provides—

(A) that the State health agency, or other appropriate State medical agency, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan and, where

applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2); and

(B) that the State or local agency utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), or, if such agency is not the State agency which is responsible for licensing health institutions, the State agency responsible for such licensing, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title.

(b) The Secretary shall approve any plan which meets the requirements of subsection (a).

Payments

Sec. 506. (a) From the sums appropriated therefor and the allotments available under section 503(1) or 504(1), as the case may be, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing July 1, 1968, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan with respect to maternal and child health services and services for crippled children, respectively.

(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 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 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 an estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

(c) The Secretary shall also from time to time make payments to the States from their respective allotments pursuant to section 503(2) or 504(2). Payments of grants under sections 503(2), 504(2), 508, 509, 510, and 511, and of grants, contracts, or other arrangements under section 512, may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the section involved.

(d) The total amount determined under subsections (a) and (b) and the first sentence of subsection (c) for any fiscal year ending after

June 30, 1968, shall be reduced by the amount by which the sum expended (as determined by the Secretary) from non-Federal sources for maternal and child health services and services for crippled children for such year is less than the sum expended from such sources for such services for the fiscal year ending June 30, 1968. In the case of any such reduction, the Secretary shall determine the portion thereof which shall be applied, and the manner of applying such reduction, to the amounts otherwise payable from allotments under section 503 or section 504.

(e) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder from the allotments under section 503 or section 504 for any period after June 30, 1968, unless the State makes a satisfactory showing that it is extending the provisions of services, including services for dental care for children and family planning for mothers, to which such State's plan applies in the State with a view to making such services available by July 1, 1975, to children and mothers in all parts of the State.

(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder—

(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2); or

(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services; or

(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title;

the Secretary is authorized to waive the requirements of this paragraph in any State if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).

(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or areawide planning agency, see section 1122.

Operation of State Plans

Sec. 507. 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 has been so changed that it no longer complies with the provisions of section 505; 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).

Special Project Grants for Maternity and Infant Care

Sec. 508. (a) In order to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing and to help reduce infant and maternal mortality, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and, with the consent of such agency, to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost (exclusive of general agency overhead) of any project for the provision of—

(1) necessary health care to prospective mothers (including, after childbirth, health care to mothers and their infants) who have or are likely to have conditions associated with childbearing or are in circumstances which increase the hazards to the health of the mothers or their infants (including those which may cause physical or mental defects in the infants), or

(2) necessary health care to infants during their first year of life who have any condition or are in circumstances which increase the hazards to their health, or

(3) family planning services, but only if the State or local agency determines that the recipient will not otherwise receive

such necessary health care or services because he is from a low-income family or for other reasons beyond his control. Acceptance of family planning services provided under a project under this section (and section 512) shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to the eligibility for or the receipt of any service under such project.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Health of School and Preschool Children

Sec. 509. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 505, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this section unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of (A) the reasonable cost (as determined in accordance with standards, consistent with section 1122, approved by the Secretary) of inpatient hospital services provided under the project, or (B) if less, the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such services, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this section unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Special Project Grants for Dental Health of Children

Sec. 510. (a) In order to promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make grants, from the sums available under clause (B) of paragraph (1) of section 502, to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for dental care and services for children and youth of school age or for preschool children. No project shall be eligible for a grant under this section unless it provides that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control, and unless it includes (subject to the limitation of the foregoing provisions of this sentence) at least such preventive services, treatment, correction of defects, and aftercare, for such age groups, as may be provided in regulations of the Secretary. Such projects may also include research looking toward the development of new methods of diagnosis or treatment, or demonstration of the utilization of dental personnel with various levels of training.

(b) No grant may be made under this section for any project for any period after June 30, [1973] *1974*.

Training of Personnel

Sec. 511. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children, particularly mentally retarded children and children with multiple handicaps. In making such grants the Secretary shall give special attention to programs providing training at the undergraduate level.

Research Projects Relating to Maternal and Child Health Services and Crippled Children's Services

Sec. 512. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to or jointly financed cooperative arrangements with public or other nonprofit institutions of higher learning, and public or nonprofit private agencies and organizations engaged in research or in maternal and child health or crippled children's programs, and contracts with public or nonprofit private agencies and or-

ganizations engaged in research or in such programs, for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof. Effective with respect to grants made and arrangements entered into after June 30, 1968, (1) special emphasis shall be accorded to projects which will help in studying the need for, and the feasibility, costs, and effectiveness of, comprehensive health care programs in which maximum use is made of health personnel with varying levels of training, and in studying methods of training for such programs, and (2) grants under this section may also include funds for the training of health personnel for work in such projects.

Administration

Sec. 513. (a) The Secretary of Health, Education, and Welfare shall make such studies and investigations as will promote the efficient administration of this title.

(b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

(c) Any agency, institution, or organization shall, if and to the extent prescribed by the Secretary, as a condition to receipt of grants under this title, cooperate with the State agency administering or supervising the administration of the State plan approved under title XIX in the provision of care and services, available under a plan or project under this title, for children eligible therefor under such plan approved under title XIX.

Definition

Sec. 514. For purposes of this title, a crippled child is an individual under the age of 21 who has an organic disease, defect, or condition which may hinder the achievement of normal growth and development.

Observance of Religious Beliefs

Sec. 515. Nothing in this title shall be construed to require any State which has any plan or program approved under, or receiving financial support under, this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan or program for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds.

SUPPLEMENTAL ALLOTMENTS

Sec. 516. (a) (1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 for such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(2) If, for any fiscal year, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year.

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TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

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Limitation on Funds for Certain Social Services

Sec. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 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 all of such sections) 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, but 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 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 State plans approved under titles I, X, XIV, XVI, or 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 XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

Purpose; Appropriations

Sec. 1601. For the purpose of establishing a national program to provide supplemental security income to individuals who have attained age 65 or are blind or disabled, there are authorized to be appropriated sums sufficient to carry out this title.

Basic Eligibility for Benefits

Sec. 1602. Every aged, blind, or disabled individual who is determined under part A to be eligible on the basis of his income and resources shall, in accordance with and subject to the provisions of this title, be paid benefits by the Secretary of Health, Education, and Welfare.

Part A—Determination of Benefits

Eligibility for and Amount of Benefits

Definition of Eligible Individual

Sec. 1611. (a)(1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than [$1,560], *$1,680* for the calendar year 1974 or any calendar year thereafter, and

(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, $2,250, or (ii) in case such individual has no spouse with whom he is living, $1,500,

shall be an eligible individual for purposes of this title.

(2) Each aged, blind, or disabled individual who has an eligible spouse and—

(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than [$2,340] *$2,520* for the calendar year 1974, or any calendar year thereafter, and

(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613 (a), are not more than $2,250,

shall be an eligible individual for purposes of this title.

Amounts of Benefits

(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of [$1,560] *$1,680* for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of [$2,340] *$2,520* for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

Period for Determination of Benefits

(c)(1) An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each quarter of a calendar year except that, if the initial application for benefits is filed in the second or third month of a calendar quarter, such determinations shall be made for each month in such quarter. Eligibility for and the amount of such benefits for any quarter shall be redetermined at such time or times as may be provided by the Secretary.

(2) For purposes of this subsection an application shall be considered to be effective as of the first day of the month in which it was actually filed.

Special Limits on Gross Income

(d) The Secretary may prescribe the circumstances under which, consistently with the purposes of this title, the gross income from a trade or business (including farming) will be considered sufficiently large to make an individual ineligible for benefits under this title. For purposes of this subsection, the term "gross income" has the same meaning as when used in chapter 1 of the Internal Revenue Code of 1954.

Limitation on Eligibility of Certain Individuals

(e)(1)(A) Except as provided in subparagraph (B), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

(B) In any case where an eligible individual or his eligible spouse (if any) is, throughout any month, in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan

approved under title XIX, the benefit under this title for such individual for such month shall be payable—

(i) at a rate not in excess of $300 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who does not have an eligible spouse;

(ii) at a rate not in excess of the sum of the applicable rate specified in subsection (b)(1) and the rate of $300 per year reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month; and

(iii) at a rate not in excess of $600 per year (reduced by the amount of any income not excluded pursuant to section 1612(b)) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month.

(2) No person shall be an eligible individual or eligible spouse for purposes of this title if, after notice to such person by the Secretary that it is likely that such person is eligible for any payments of the type enumerated in section 1612(a)(2)(B), such person fails within 30 days to take all appropriate steps to apply for and (if eligible) obtain any such payments.

(3)(A) No person who is an aged, blind, or disabled individual solely by reason of disability (as determined under section 1614(a)(3)) shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if such individual is medically determined to be a drug addict or an alcoholic unless such individual is undergoing any treatment that may be appropriate for his condition as a drug addict or alcoholic (as the case may be) at an institution or facility approved for purposes of this paragraph by the Secretary (so long as such treatment is available) and demonstrates that he is complying with the terms, conditions, and requirements of such treatment and with requirements imposed by the Secretary under subparagraph (B).

(B) The Secretary shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirement is contributing to the achievement of the purposes of this title. The Secretary shall annually submit to the Congress a full and complete report on his activities under this paragraph.

Suspension of Payments to Individuals Who Are Outside the United States

(f) Notwithstanding any other provision of this title, no individual shall be considered an eligible individual for purposes of this title for any month during all of which such individual is outside the United States (and no person shall be considered the eligible spouse of an individual for purposes of this title with respect to any month during all of which such person is outside the United States). For purposes of the preceding sentence, after an individual has been outside

the United States for any period of 30 consecutive days, he shall be treated as remaining outside the United States until he has been in the United States for a period of 30 consecutive days.

Certain Individuals Deemed To Meet Resources Test

(g) In the case of any individual or any individual and his spouse (as the case may be) who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, the resources of such individual or such individual and his spouse shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individual and his spouse (as the case may be) does not exceed the maximum amount of resources, as specified in the State plan (above referred to, and as in effect in October 1972) under which he or they were entitled to aid or assistance for the month of December 1972.

Certain Individuals Deemed To Meet Income Test

(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who is blind (as that term is defined under a State plan approved under title X or XVI as in effect in October 1972) and who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title X or XVI, there shall be disregarded an amount equal to the greater of the amounts determined as follows—

(1) the maximum amount of any earned or unearned income which could have been disregarded under the State plan (above referred to, and as in effect in October 1972), or

(2) the amount which would be required to be disregarded under section 1612 without application of this subsection.

Income

Meaning of Income

Sec. 1612. (a) For purposes of this title, income means both earned income and unearned income; and—

(1) earned income means only—

(A) wages as determined under section 203(f)(5)(C); and

(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following subsection (a)(10), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

(2) unearned income means all other income, including—

(A) support and maintenance furnished in cash or kind; except that in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance in kind from such person, the dollar amounts otherwise applicable to such individual

(and spouse) as specified in subsections (a) and (b) of section 1611 shall be reduced by 33⅓ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph;

(B) any payments received as an annuity, pension, retirement, or disability benefit, including veterans' compensation and pensions, workmen's compensation payments, old-age, survivors, and disability insurance benefits, railroad retirement annuities and pensions, and unemployment insurance benefits;

(C) prizes and awards;

(D) the proceeds of any life insurance policy to the extent that they exceed the amount expended by the beneficiary for purposes of the insured individual's last illness and burial or $1,500, whichever is less;

(E) gifts (cash or otherwise), support and alimony payments, and inheritances; and

(F) rents, dividends, interest, and royalties.

Exclusions From Income

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

(2) the first $240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

(3)(A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

(4)(A) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first $780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving

self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he attained age 65), (i) the first $780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

(C) if such individual (or such spouse) has attained age 65 and is not included under subparagraph (A) or (B), the first $780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof;

(5) any amount received from any public agency as a return or refund of taxes paid on real property or on food purchased by such individual (or such spouse);

(6) assistance described in section 1616(a) which is based on need and furnished by any State or political subdivision of a State;

(7) any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution;

(8) home produce of such individual (or spouse) utilized by the household for its own consumption;

(9) if such individual is a child one-third of any payment for his support received from an absent parent; and

(10) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency.

Resources

Exclusions From Resources

Sec. 1613. (a) In determining the resources of an individual (and his eligible spouse, if any) there shall be excluded—

(1) the home (including the land that appertains thereto), to the extent that its value does not exceed such amount as the Secretary determines to be reasonable;

(2) household goods, personal effects, and an automobile, to the extent that their total value does not exceed such amount as the Secretary determines to be reasonable;

(3) other property which, as determined in accordance with and subject to limitations prescribed by the Secretary, is so essential to the means of self-support of such individual (and such spouse) as to warrant its exclusion;

(4) such resources of an individual who is blind or disabled and who has a plan for achieving self-support approved by the

Secretary, as may be necessary for the fulfillment of such plan; and

(5) in the case of Natives of Alaska, shares of stock held in a Regional or a Village Corporation, during the period of twenty years in which such stock is inalienable, as provided in section 7(h) and section 8(c) of the Alaska Native Claims Settlement Act.

In determining the resources of an individual (or eligible spouse) an insurance policy shall be taken into account only to the extent of its cash surrender value; except that if the total face value of all life insurance policies on any person is $1,500 or less, no part of the value of any such policy shall be taken into account.

Disposition of Resources

(b) The Secretary shall prescribe the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining an individual's eligibility for benefits. Any portion of the individual's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

Meaning of Terms

Aged, Blind, or Disabled Individual

Sec. 1614. (a)(1) For purposes of this title, the term "aged, blind, or disabled individual" means an individual who—

(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or disabled (as determined under paragraph (3)), and

(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act).

(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful

activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity). An individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973, so long as he is continuously disabled as so defined.

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), "work which exists in the national economy" means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term "services" means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

(B) The term "period of trial work," with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

(i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

Eligible Spouse

(b) For purposes of this title, the term "eligible spouse" means an aged, blind, or disabled individual who is the husband or wife of another aged, blind, or disabled individual and who has not been living apart from such other aged, blind, or disabled individual for more than six months. If two aged, blind, or disabled individuals are husband and wife as described in the preceding sentence, only one of them may be an "eligible individual" within the meaning of section 1611(a).

Definition of Child

(c) For purposes of this title, the term "child" means an individual who is neither married nor (as determined by the Secretary) the head of a household, and who is (1) under the age of eighteen, or (2) under the age of twenty-two and (as determined by the Secretary) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

Determination of Marital Relationships

(d) In determining whether two individuals are husband and wife for purposes of this title, appropriate State law shall be applied; except that—

(1) if a man and woman have been determined to be husband and wife under section 216(h)(1) for purposes of title II they shall be considered (from and after the date of such determination or the date of their application for benefits under this title, whichever is later) to be husband and wife for purposes of this title, or

(2) if a man and woman are found to be holding themselves out to the community in which they reside as husband and wife, they shall be so considered for purposes of this title notwithstanding any other provision of this section.

United States

(e) For purposes of this title, the term "United States", when used in a geographical sense, means the 50 States and the District of Columbia.

Income and Resources of Individuals Other Than Eligible Individuals and Eligible Spouses

(f)(1) For purposes of determining eligibility for and the amount of benefits for any individual who is married and whose spouse is living with him in the same household but is not an eligible spouse, such individual's income and resources shall be deemed to include any

income and resources of such spouse, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

(2) For purposes of determining eligibility for and the amount of benefits for any individual who is a child under age 21, such individual's income and resources shall be deemed to include any income and resources of a parent of such individual (or the spouse of such a parent) who is living in the same household as such individual, whether or not available to such individual, except to the extent determined by the Secretary to be inequitable under the circumstances.

Rehabilitation Services for Blind and Disabled Individuals

Sec. 1615. (a) In the case of any blind or disabled individual who—

(1) has not attained age 65, and

(2) is receiving benefits (or with respect to whom benefits are paid) under this title,

the Secretary shall make provision for referral of such individual to the appropriate State agency administering the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases as he may determine) for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization of the rehabilitation services made available to him under such plan.

(b) Every individual with respect to whom the Secretary is required to make provision for referral under subsection (a) shall accept such rehabilitation services as are made available to him under the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act; and the Secretary is authorized to pay to the State agency administering or supervising the administration of such State plan the costs incurred in the provision of such services to individuals so referred.

(c) No individual shall be an eligible individual or eligible spouse for purposes of this title if he refuses without good cause to accept vocational rehabilitation services for which he is referred under subsection (a).

Optional State Supplementation

Sec. 1616. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 1612(b)(6) in determining the income of such individuals for purposes of this title and the Secretary and such State may enter into an agreement which satisfies subsection (b) under which the Secretary will, on behalf of such State (or subdivision) make such supplementary payments to all such individuals.

(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

(1) that such payments will be made (subject to subsection (c)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

(2) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

(c)(1) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State's agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

(2) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard amounts of earned and unearned income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and shall include a provision specifying the amount of any such income that will be disregarded, if any.

(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

Part B—Procedural and General Provisions

Payments and Procedures

Payment of Benefits

Sec. 1631. (a)(1) Benefits under this title shall be paid at such time or times and in such installments as will best effectuate the purposes of this title, as determined under regulations (and may in any case be paid less frequently than monthly where the amount of the monthly benefit would not exceed $10).

(2) Payments of the benefit of any individual may be made to any such individual or to his eligible spouse (if any) or partly to each, or, if the Secretary deems it appropriate to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse). Notwithstanding the provisions of the preceding sentence, in the case of any individual or eligible spouse referred to in section 1611(e)(3)(A), the Secretary shall provide for making payments of the benefit to any other person (including an appropriate public or private agency) who is interested in or concerned with the welfare of such individual (or spouse).

(3) The Secretary may by regulation establish ranges of incomes within which a single amount of benefits under this title shall apply.

(4) The Secretary—

(A) may make to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency a cash advance against such benefits in an amount not exceeding $100; and

(B) may pay benefits under this title to an individual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event be considered overpayments for purposes of subsection (b).

(5) Payment of the benefit of any individual who is an aged, blind, or disabled individual solely by reason of blindness (as determined under section 1614(a)(2)) or disability (as determined under section 1614(a)(3)), and who ceases to be blind or to be under such disability, shall continue (so long as such individual is otherwise eligible) through the second month following the month in which such blindness or disability ceases.

Overpayments and Underpayments

(b) Whenever the Secretary finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either). The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this title.

Hearings and Review

(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual or eligible spouse and is in disagreement with any determination under this title with respect to eligibility of such individual for benefits, or the amount of such individual's benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received.

(2) Determination on the basis of such hearing, except to the extent that the matter in disagreement involves the existence of a disability (within the meaning of section 1614(a)(3)), shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after

such hearing as to any fact shall be final and conclusive and not subject to review by any court.

Procedures; Prohibitions of Assignments; Representation of Claimants

(d)(1) The provisions of section 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

(2) To the extent the Secretary finds it will promote the achievement of the objectives of this title, qualified persons may be appointed to serve as hearing examiners in hearings under subsection (c) without meeting the specific standards prescribed for hearing examiners by or under subchapter II of chapter 5 of title 5, United States Code.

(3) The Secretary may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys, as hereinafter provided, representing claimants before the Secretary under this title, and may require of such agents or other persons, before being recognized as representatives of claimants, that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Secretary. The Secretary may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Secretary's rules and regulations or who violates any provision of this paragraph for which a penalty is prescribed. The Secretary may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Secretary under this title, and any agreement in violation of such rules and regulations shall be void. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter, or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Secretary, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding $500 or by imprisonment not exceeding one year, or both.

Applications and Furnishing of Information

(e)(1)(A) The Secretary shall, subject to subparagraph (B), prescribe such requirements with respect to the filing of applications, the suspension or termination of assistance, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

(B) The requirements prescribed by the Secretary pursuant to subparagraph (A) shall require that eligibility for benefits under this title will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible individuals (or eligible spouses) and that the amounts of such benefits are correct.

(2) In case of the failure by any individual to submit a report of events and changes in circumstances relevant to eligibility for or amount of benefits under this title as required by the Secretary under paragraph (1), or delay by any individual in submitting a report as so required, the Secretary (in addition to taking any other action he may consider appropriate under paragraph (1) shall reduce any benefits which may subsequently become payable to such individual under this title by—

(A) $25 in the case of the first such failure or delay,

(B) $50 in the case of the second such failure or delay, and

(C) $100 in the case of the third or a subsequent such failure or delay,

except where the individual was without fault or good cause for such failure or delay existed.

Furnishing of Information by Other Agencies

(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of benefits, or verifying other information with respect thereto.

Penalties for Fraud

Sec. 1632. Whoever—

(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit under this title,

(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to any such benefit,

(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit, or (B) the initial or continued right to any such benefit of any other individual in whose behalf he has applied for or is receiving such benefit, conceals or fails to disclose such event with an intent fraudulently to secure such benefit either in a greater amount or quantity than is due or when no such benefit is authorized, or

(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts such benefit or any part thereof to a use other than for the use and benefit of such other person,

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

Administration

Sec. 1633. (*a*) *Subject to subsection* (*b*), *the* [The] Secretary may make such administrative and other arrangements (including arrangements for the determination of blindness and disability under section 1614(a) (2) and (3) in the same manner and subject to the same conditions as provided with respect to disability determinations under section 221) as may be necessary or appropriate to carry out his functions under this title.

(*b*) *In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select.*

Determinations of Medicaid Eligibility

Sec. 1634. The Secretary may enter into an agreement with any State which wishes to do so under which he will determine eligibility for medical assistance in the case of aged, blind, or disabled individuals under such State's plan approved under title XIX. Any such agreement shall provide for payments by the State, for use by the Secretary in carrying out the agreement, of an amount equal to one-half of the cost of carrying out the agreement, but in computing such cost with respect to individuals eligible for benefits under this title, the Secretary shall include only those costs which are additional to the costs incurred in carrying out this title.

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TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

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State Plans for Medical Assistance

Sec. 1902. (a) A State plan for medical assistance must—

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(10) providing for making medical assistance available to all individuals receiving aid or assistance under State plans approved under titles I, X, XIV, and XVI, and part A of title IV; and

(A) provide that the medical assistance made available to individuals receiving aid or assistance under any such State plan—

(i) shall not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such State plan, and

(ii) shall not be less in amount, duration, or scope than the medical or remedial care and services made available to individuals not receiving aid or assistance under any such plan; and

(B) if medical or remedial care and services are included for any group of individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate, as determined in accordance with standards prescribed by the Secretary, provide—

(i) for making medical or remedial care and services available to all individuals who would, if needy, be eligible for aid or assistance under any such State plan and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical or remedial care and services, and

(ii) that the medical or remedial care and services made available to all individuals not receiving aid or assistance under any such State plan shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4) or (14) of section 1905(a) to individuals meeting the age requirement prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, and (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of the deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope to any other individuals;

* * * * * * *

Payment to States

Sec. 1903.

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[(j) Notwithstanding the preceding provisions of this section—

(1) in determining the amount payable to any State with respect to expenditures for skilled nursing facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing facility services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and

(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.

For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of increase in per diem costs which result directly from increases in the Federal minimum wages, or which otherwise result directly from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1972.]

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Excerpts From the Social Security Amendments of 1972

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DETERMINING ELIGIBILITY FOR ASSISTANCE UNDER TITLE XIX FOR CERTAIN INDIVIDUALS

Sec. 249E. For purposes of section 1902(a)(10) of the Social Security Act any individual who, for the month of August 1972, was eligible for or receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act and who for such month was entitled to monthly insurance benefits under title II of such Act shall be deemed to be eligible for such aid or assistance for any month thereafter prior to [October 1974] *July 1975* if such individual would have been eligible for such aid or assistance for such month had the increase in monthly insurance benefits under title II of such Act resulting from enactment of Public Law 92-336 not been applicable to such individual.

* * * * * * *

APPENDIX

EXCERPTS FROM SOCIAL SERVICES REGULATIONS—SECTIONS NOT AFFECTED BY 6-MONTH DELAY PROVISION IN SECTION 230 OF COMMITTEE BILL

(TITLE 45, CODE OF FEDERAL REGULATIONS)

Part 221—Service Programs for Families and Children and for Aged, Blind, or Disabled Individuals: Titles I, IV (Parts A and B), X, XIV, and XVI of the Social Security Act

* * * * * * *

§ 221.0 *Scope of programs*

(a) Federal financial participation is available for expenditures under the State plan approved under titles I, IV–A, IV–B, X, XIV, or XVI of the Act with respect to the administration of service programs under the State plan. The service programs under these titles are hereinafter referred to as: Family Services (title IV–A), WIN Support Services (title IV–A), Child Welfare Services (title IV–B), and Adult Services (titles I, X, XIV, and XVI). Expenditures subject to Federal financial participation are those made for services provided to families, children, and individuals who have been determined to be eligible, and for related expenditures, which are found by the Secretary to be necessary for the proper and efficient administration of the State plan.

(b) The basic rate of Federal financial participation for Family Services and Adult Services under this part is 75 percent provided that the State plan [meets all the applicable requirements of this plan and] [1] is approved by the Social and Rehabilitation Service. Under title IV–A, effective July 1, 1972, the rates are 50 percent for emergency assistance in the form of services, and 90 percent for WIN Support Services, and effective January 1, 1973, the rate is 90 percent for the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies.

(c) Total Federal financial participation for Family Services and Adult Services provided by the 50 States and the District of Columbia may not exceed $2,500 million for any fiscal year, allotted to the States on the basis of their population. No more than 10 percent of the Federal funds payable to a State under its allotment may be paid with respect to its service expenditures for individuals who are not current applicants for or recipients of financial assistance under the State's approved plans, except for services in certain exempt classifications.

(d) Rates and amounts of Federal financial participation for Puerto Rico, Guam, and the Virgin Islands are subject to different rules.

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[1] Matter enclosed in black brackets *is* subject to the 6-month delay imposed by the committee bill.

§ 221.55 *Limitations on total amount of Federal funds payable to States for services*

(a) The amount of Federal funds payable to the 50 States and the District of Columbia under titles I, IV–A, X, XIV, and XVI for any fiscal year (commencing with the fiscal year beginning July 1, 1972) with respect to expenditures made after June 30, 1972 (see paragraph (b) of this section), for services (other than WIN Support Services. and emergency assistance in the form of services, under title IV–A) is subject to the following limitations:

(1) The total amount of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the State's allotment, as determined under paragraph (c) of this section; and

(2) The amounts of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the limits pertaining to the types of individuals served, as specified under paragraph (d) of this section.

Notwithstanding the provisions of paragraphs (c)(1) and (d) of this section, a State's allotment for the fiscal year commencing July 1, 1972, shall consist of the sum of:

(i) An amount not to exceed $50 million payable to the State with respect to the total expenditures incurred, for the calendar quarter beginning July 1, 1972, for matchable costs of services of the type to which the allotment provisions apply, and

(ii) An amount equal to three-fourths of the State's allotment as determined in accordance with paragraphs (c) (1) and (d) of this section.

However, no State's allotment for such fiscal year shall be less than it would otherwise be under the provisions of paragraphs (c) (1) and (d) of this section.

(b) For purposes of this section, expenditures for services are ordinarily considered to be incurred on the date on which the cash transactions occur or the date to which allocated in accordance with OMB Circular A–87 and cost allocation procedures prescribed by SRS. In the case of local administration, the date of expenditure by the local agency governs. In the case of purchase of services from another public agency, the date of expenditure by such other public agency governs. Different rules may be applied with respect to a State, either generally or for particular classes of expenditures, only upon justification by the State to the Administrator and approval by him. In reviewing State requests for approval, the Administrator will consider generally applicable State law, consistency of State practice, particularly in relation to periods prior to July 1, 1972, and other factors relevant to the purposes of this section.

(c)(1) For each fiscal year (commencing with the fiscal year beginning on July 1, 1972) each State shall be allotted an amount which bears the same ratio to $2,500 million as the population of such State bears to the population of all the States.

(2) The allotment for each State will 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.

(d) Not more than 10 percent of the Federal funds shall be paid with respect to expenditures in providing services to individuals

(eligible for services) who are not recipients of aid or assistance under State plans approved under such titles, or applicants for such aid or assistance, except that this limitation does not apply to the following services provided to eligible persons:

(1) Services provided to meet the needs of a child for personal care, protection, and supervision [(as defined under day care services for children)] but only in the case of a child where the provision of such services is necessary 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 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 and necessary care and supervision for such child;

(2) Family planning services;

(3) Any services included in the approved State plan that are provided to an individual diagnosed as mentally retarded by a State mental retardation clinic or other agency or organization recognized by the State agency as competent to make such diagnoses, or by a licensed physician, but only if such services are needed for such individual by reason of his condition of being mentally retarded;

(4) Any services included in the approved State plan provided to an individual who has been certified as a drug addict by the director of a drug abuse treatment program licensed by the State, or to an individual who as been diagnosed by a licensed physician as an alcoholic or drug addict, but only if such services are needed by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

(5) [Foster care services for children when needed by a child because he is placed in foster care, or awaiting placement.]

Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.[1]

§ 221.56 *Rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam*

(a) For Puerto Rico, the Virgin Islands, and Guam, the basic rate for Federal financial participation for Family Services and WIN Support Services under title IV–A is 60 percent. However, effective July 1, 1972, the rate is 50 percent for emergency assistance in the form of services.

(b) For family planning services and for WIN Support Services, the total amount of Federal funds that may be paid for any fiscal year shall not exceed $2 million for Puerto Rico, $65,000 for the Virgin Islands, and $90,000 for Guam. Other services are subject to the overall payment limitations for financial assistance and services under titles I, IV–A, X, XIV, and XVI, as specified in section 1108(a) of the Social Security Act.

(c) The rates and amounts of Federal financial participation set forth in § 221.54 (a) and (b) apply to Puerto Rico, the Virgin Islands, and Guam, except that the 60 percent rate of Federal financial participation is substituted as may be appropriate. The limitation in Federal payments in § 221.55 does not apply.

[1] Paragraph (5) is exempted from the 6-month delay provision of the Committee bill only if the matter enclosed in black brackets is replaced by the matter in italics.

VIII. SUPPLEMENTAL VIEWS BY SENATOR GAYLORD NELSON

A noted tax expert once wrote that the tax law "reflects a continuing struggle among contending interests for the privilege of paying the least." An analysis of the effect of our tax code shows who is winning this struggle and who has the privilege of paying a higher percentage of their income in taxes. In 1970, the average tax for all returns was 13.8%. For joint returns with little more than 2 exemptions the average tax was 13.3% of adjusted gross income. On the other hand, in 1967, 155 tax returns showed adjusted gross income above $200,000 and no Federal tax liability. In 1969, some 300 individuals with incomes of more than $200,000 paid no Federal income tax.

As startling as these figures are, they understate the number of wealthy people who, through tax loopholes, escape paying any Federal income tax at all. These figures include only individuals who file Federal income tax returns showing adjusted gross incomes in excess of the $200,000 and $1 million levels. Important tax preferences in the present Internal Revenue Code exclude certain classes of income from the definition of "gross income" altogether. More important than the tax preferences excluding income items from "gross income" are those which result in reduction of a taxpayer's "adjusted gross income" by means of special deductions. The deductions permitted by the percentage depletion allowance is an example of such a deduction. Because deductions of this kind reduce taxpayers' adjusted gross income—the figure upon which the Treasury statistics are based—they can prevent the statistics from including many individuals who in fact have large real incomes but pay no tax.

The fact that a millionaire can escape paying any Federal income tax at all captures our attention but the problem is much more serious and widespread. For every wealthy person who pays no Federal income tax there are many more who do not pay a fair share of their income in tax. In fact, the tax rate on these wealthy peoples' income is frequently much less than the tax rate of the income of the average American worker.

The statutory rate schedule for the individual income tax has a sharply progressive structure. The tax rates rise from 14% to 70%. For married taxpayers filing joint returns, the 14% bracket applies only to the first $1,000 of taxable income; the 70% bracket applies to all taxable income in excess of $200,000.

Data on the rates of tax which taxpayers really pay manifests a marked departure from the statutory rates. Statistics disclosed by the Treasury Department in 1969 indicate that, at 1969 income levels, 28.2% of the tax returns showing "amended taxable income" between $500,000 and $1 million paid tax at effective rates of no more than 25%, 58.5% of the taxpayers in this income range paid tax at effective rates of no more than 30%—substantially less than half the top statutory rate. Of taxpayers having amended taxable income of $1 million and over, 62.8% paid tax at effective rates of no more than 30%. An analysis of the data in light of specific reforms contained in the 1969 Act suggests that post-1969 statistics would not show substantial deviations from the figures set forth above.

In an attempt to correct, to a limited extent, this inequity, Congress in 1969, established a minimum tax providing for a flat 10% tax rate on income that had escaped entirely being subject to tax. Congress enacted the minimum tax on tax preference income because, regardless of the individual merit of the provision which established such preferences, we did not want them to be pyramided by wealthy individuals to allow them to escape liability entirely.

It is generally agreed, however, that the minimum tax has not achieved its stated purpose that every wealthy individual and corporation should pay at least a minimum tax on his preference income. For example, in 1971, 276 taxpayers with incomes over $100,000 paid no Federal income at all and about 24,000 wealthy individuals with an average of $160,000 of preference income, subject to the minimum tax, paid a tax of about 4%, a lower tax rate than for a wage earner making $6,000.

When the minimum tax was enacted, it was estimated that it would raise $590 million in federal revenues from individuals in the first year; in fact, for 1970 it raised only $117 million from individuals. The effective tax rate for individuals in 1970 on this preference income 4%, rather than the statutory rate of 10%.

The minimum tax has failed in part because of crippling amendments adopted on the Senate floor allowing deductions for other income taxes paid. During executive sessions on the Debt Ceiling Bill, I offered an amendment which would have repealed these provisions that have, in part, vitiated the minimum tax, drastically reduced its expected revenue gain and lowered its effective rate to 4% instead of the statutory 10% rate.

The basic rationale for the concept of a minimum tax is that it is needed because the taxpayer has amassed certain items of income which are not included in his regular tax base. These excluded items stand apart from, and in addition to, the items normally taxed. The reason the taxpayer is subject to the minimum tax is that his effective tax is too low in relation to his real income due to the amount he received from tax preference items. To give him credit for the tax that he pays on his regular income defeats the purpose of the minimum tax. The tax on "regular" income is simply unrelated to the tax on excluded items of tax preference. It is illogical to establish a tax on the preferred income escaping taxation, and then allow a deduction for taxes paid on regular income.

While my amendment failed to be adopted by the Committee it will be offered again on the floor of the Senate. I urge its adoption by the members of the Senate.

Enactment of major tax reform legislation has been unfortunately, but understandably delayed in the House of Representatives because of the need to promptly consider trade legislation. Repealing unnecessary and costly tax preferences and restoring fundamental tax equity and justice must be a constant objective of Congress. The recent Presidential campaign and public opinion polls revealed massive public discontent and discomfort with our tax system. Public confidence and faith must be restored in a system which, by its very nature, relies on the voluntary compliance of the overwhelming majority of American taxpayers. Adoption of this amendment would be a convincing down-payment by the Congress to the American people of our commitment to enact substantial tax reform.

O

Calendar No. 236

93D CONGRESS
1ST SESSION

H. R. 8410

[Report No. 93-249]

IN THE SENATE OF THE UNITED STATES

JUNE 14, 1973

Read twice and referred to the Committee on Finance

JUNE 25, 1973

Reported by Mr. LONG, with an amendment

[Insert the part printed in italic]

AN ACT

To continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of the Act of October 27, 1972, providing for a temporary increase in the public debt limit for the fiscal year ending June 30, 1973 (Public Law 92-599), is amended by striking out "June 30, 1973" and inserting in lieu thereof "November 30, 1973".

SEC. 2. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act, as amended (31 U.S.C. 752), is amended to read as follows: "Bonds authorized by this section may be issued from time to time

to the public and to Government accounts at a rate or rates of interest exceeding 4¼ per centum per annum; except that bonds may not be issued under this section to the public, or sold by a Government account to the public, with a rate of interest exceeding 4¼ per centum per annum in an amount which would cause the face amount of bonds issued under this section then held by the public with rates of interest exceeding 4¼ per centum per annum to exceed $10,000,000,000."

SEC. 3. (a) Section 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c), is amended by adding at the end thereof the following new subsection:

"(j) (1) The Secretary of the Treasury is authorized to prescribe by regulations that checks issued to individuals (other than trusts and estates) as refunds made in respect of the taxes imposed by subtitle A of the Internal Revenue Code of 1954 may, at the time and in the manner provided in such regulations, become United States savings bonds of series E. Except as provided in paragraph (2), bonds issued under this subsection shall be treated for all purposes of law as series E bonds issued under this section. This subsection shall apply only if the claim for refund was filed on or before the last day prescribed by law for filing the return (determined without extensions thereof) for the taxable year in respect of which the refund is made.

"(2) Any check-bond issued under this subsection shall

bear an issue date of the first day of the first calendar month beginning after the close of the taxable year for which issued.

"(3) In the case of any check-bond issued under this subsection to joint payees, the regulations prescribed under this subsection may provide that either payee may redeem the bond upon his request."

(b) The amendment made by subsection (a) shall apply with respect to refunds made after December 31, 1973.

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1973 and prior to January

1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after December 1973 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after December 1973) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase

in the "exempt amount" (as such term is used in section 203 (f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202 (q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2)

of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplementary security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified, in subsection (a)(1)(A) and (2)(A), and subsection (b) (1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and—

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such

month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan

of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e) (2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of

such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if prop-

erly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income payment to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a payment described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change

with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the

amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except

that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2) (A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2) (A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the

Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference to qualified applicants for employment who are employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act or who were so employed and were displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.";

(2) by striking out "The Secretary" and inserting

in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 220. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting ", and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall effective February 1, 1974, be deemed to contain a provision (relating to the dis-

regarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

PART D—SOCIAL SERVICES REGULATIONS

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 230. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in sub-

section (b) may become effective upon the date of its publication in the Federal Register.

PART E—PROVISIONS RELATING TO MEDICAID COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 240. (a) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan under title XIX of the Social Security Act, there is hereby imposed the requirement (and each such plan shall be deemed to require) that assistance be provided under such plan to any individual who, as an "essential person" (as defined in subsection (b)), was eligible for assistance under such plan (as such plan was in effect for December 1973), for each month, after December 1973, that such individual continues to meet the criteria, as an essential person, for eligibility under such plan (as such plan was in effect for December 1973).

(b) As used in subsection (a), the term "essential person" means a person who—

(1) for the month of December 1973, was present in the home of an individual who was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act, and

(2) was not a recipient of such aid or assistance (in his or her own right) for such month, but whose needs were taken into account in determining the need of such

individual for and the amount of aid or assistance (referred to in paragraph (1)) provided to such individual.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 241. For purposes of section 1902(a)(10) of the Social Security Act, any individual who—

(1) for all (or any part of) the month of December 1973 was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act,

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures ap-

plicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 242. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973).

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 243. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 244. (A) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART F—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 250. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal

year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act,

then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the

same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

TITLE III—IMPOUNDMENT CONTROL PROCEDURES

SEC. 301. The Congress finds that—

(1) the Congress has the sole authority to enact legislation and appropriate moneys on behalf of the United States;

(2) the Congress has the authority to make all laws necessary and proper for carrying into execution its own powers;

(3) the Executive shall take care that the laws enacted by Congress shall be faithfully executed;

(4) under the Constitution of the United States, the Congress has the authority to require that funds appropriated and obligated by law shall be spent in accordance with such law;

(5) there is no authority expressed or implied under the Constitution of the United States for the Executive to impound budget authority and the only authority for such impoundments by the executive

branch is that which Congress has expressly delegated by statute;

(6) by the Antideficiency Act (Rev. Stat. sec. 3679), the Congress delegated to the President authority, in a narrowly defined area, to establish reserves for contingencies or to effect savings through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which appropriations are made available;

(7) in spite of the lack of constitutional authority for impoundment of budget authority by the executive branch and the narrow area in which reserves by the executive branch have been expressly authorized in the Antideficiency Act, the executive branch has impounded many billions of dollars of budget authority in a manner contrary to and not authorized by the Antideficiency Act or any other Act of Congress;

(8) impoundments by the executive branch have often been made without a legal basis;

(9) such impoundments have totally nullified the effect of appropriations and obligational authority enacted by the Congress and prevented the Congress from exercising its constitutional authority;

(10) the executive branch, through its presentation

to the Congress of a proposed budget, the due respect of the Congress for the views of the executive branch, and the power of the veto, has ample authority to affect the appropriation and obligation process without the unilateral authority to impound budget authority; and

(11) enactment of this legislation is necessary to clarify the limits of the existing legal authority of the executive branch to impound budget authority, to reestablish a proper allocation of authority between the Congress and the executive branch, to confirm the constitutional proscription against the unilateral nullification by the executive branch of duly enacted authorization and appropriation Acts, and to establish efficient and orderly procedures for the reordering of budget authority through joint action by the Executive and the Congress, which shall apply to all impoundments of budget authority, regardless of the legal authority asserted for making such impoundments.

SEC. 302. (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits, or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within

ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department, or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to sub-

section (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority, following which he shall notify both Houses of Congress within 15 days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C. 665), commonly referred to as the "Antideficiency Act", the provisions of section 303 and section 305 shall not apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 303 and 305 shall apply.

(d) If any information contained in a special message

submitted pursuant to subsection (a) is subsequently revised, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 303. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 305;

Provided, however, That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty-day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concurrent resolution within the sitxy-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer or employee from reimpounding the specific budget authority set forth in the special message which the Congress by its action or failure to act has thereby rejected.

SEC. 304. For purposes of this title, the impounding of budget authority includes—

(1) withholding, delaying, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available,

(2) withholding, delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in

order to permit the budget authority to be expended or obligated),

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 305. The following subsections of this section are enacted by the Congress:

(a)(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(b)(1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or

House of Representatives, as the case may be, which is introduced and acted upon by both Houses at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ——."

(3) The matter after the resolving clause of a resolution disapproving, in whole or in part, the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ———— (in the amount of $————)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to

a day certain shall be excluded in the computation of the sixty-day period.

(c)(1) A resolution introduced, or received from the other House, with respect to a special message shall not be referred to a committee and shall be privileged business for immediate consideration, following the receipt of the report of the Comptroller General referred to in section 302(c). It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. Such motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the con-

sideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If, prior to the passage by one House of a resolution of that House with respect to a special message, such House receives from the other House a resolution with respect to the same message, then—

(1) If no resolution of the first House with respect to such message has been introduced, no motion to proceed to the consideration of any other resolution with respect to the same message may be made (despite the provisions of subsection (c)(1) of this section).

(2) If a resolution of the first House with respect to such message has been introduced—

(A) the procedure with respect to that or other resolutions of such House with respect to such message shall be the same as if no resolution from the other House with respect to such message had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such message

the resolution from the other House with respect to such message shall be automatically substituted for the resolution of the first House.

(e) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

(f) Notwithstanding any other provision of this section, it shall not be in order in either House to consider a resolution with respect to a special message after the two Houses have agreed to another resolution with respect to the same message.

(g) As used in this section, the term "special message" means a report of impounding action made by the President pursuant to section 302 or by the Comptroller General pursuant to section 306.

SEC. 306. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this title, and the President fails to report such impounding action to the Congress as required by this title, the Comptroller General shall report such im-

pounding action with any available information concerning it to both Houses of Congress, and the provisions of this title shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: Provided, however, That the sixty-day period provided in section 303 shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impoundment action was taken.

SEC. 307. Nothing contained in this title shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 308. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this title, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be necessary or appropriate to secure compliance with the pro-

visions of this title by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 309. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this title.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this title or by the Antideficiency Act, he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 310. If any provision of this title, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the title and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

SEC. 311. The provisions of this title shall take effect from and after the date of enactment.

TITLE IV—CEILING ON FISCAL YEAR 1974 EXPENDITURES

SEC. 401. (a) Except as provided in subsection (b) of this section, expenditures and net lending during the fiscal year ending June 30, 1974, under the budget of the United States Government, shall not exceed $268,700,000,000.

(b) If the estimates of revenues which will be received in the Treasury during the fiscal year ending June 30, 1974, as made from time to time, are increased as a result of legislation enacted after the date of the enactment of this Act reforming the Federal tax laws, the limitation specified in subsection (a) of this section shall be reviewed by Congress for the purpose of determining whether the additional revenues made available should be applied to essential public services for which adequate funding would not otherwise be provided.

SEC. 402. (a) Notwithstanding the provisions of any other law, the President shall, in accordance with this section, reserve from expenditure and net lending, from appropriations, or other obligational authority otherwise made available, such amounts as may be necessary to keep expenditures and net lending during the fiscal year ending June 30, 1974, within the limitation specified in section 401.

(b) In carrying out the provisions of subsection (a) of this section, the President shall reserve amounts propor-

tionately from new obligational authority and other obligational authority available for each functional category, and to the extent practicable, subfunctional category (as set out in table 3 of the United States Budget in Brief for fiscal year 1974), except that no reservations shall be made from amounts available for interest, veterans' benefits and services, payments from social insurance trust funds, public assistance maintenance grants, and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries.

(c) Reservations made to carry out the provisions of subsection (a) of this section shall be subject to the provisions of title III of this Act, except that—

(1) if the Comptroller General determines under section 302(c), with respect to any such reservation, that the requirements of proportionate reservations of subsection (b) of this section have been complied with, then sections 303 and 305 shall not apply to such reservation, and

(2) the provisions of section 303 which preclude reimpoundment shall not apply with respect to any such reservation.

(d) In no event shall the authority conferred by this section be used to impound funds, appropriated or otherwise made available by Congress, for the purpose of eliminating a

program the creation or continuation of which has been authorized by Congress.

SEC. 403. In the administration of any program as to which—

(1) the amount of expenditures is limited pursuant to this title, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure (after the application of this title) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

Passed the House of Representatives June 13, 1973.

Attest: W. PAT JENNINGS,

Clerk.

Calendar No. 236

93D CONGRESS
1ST SESSION

H. R. 8410

[Report No. 93–249]

AN ACT

To continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

JUNE 14, 1973
Read twice and referred to the Committee on Finance

JUNE 25, 1973
Reported with an amendment

* * * * *

CONTINUATION OF EXISTING INCREASE IN THE PUBLIC DEBT LIMIT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 236, H.R. 8410, an act to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, and that it be made the pending business.

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read the bill by title, as follows:

A bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment on page 3, after line 8, insert a new title, as follows:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1973 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after December 1973 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after December 1973) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplementary security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified, in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such in-

dividual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual by any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e) (2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For the purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income payment to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a payment described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need for such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1618 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference to qualified applicants for employment who are employed in the administration of any State program approved under title I, X, XIV, or

XVI of such Act or who were so employed and were displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 220. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting ", and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income, received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall effective February 1, 1974, be deemed to contain a provision (relating to the disregarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

PART D—SOCIAL SERVICES REGULATIONS

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 230. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

PART E—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 240. (a) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan under title XIX of the Social Security Act, there is hereby imposed the requirement (and each such plan shall be deemed to require) that assistance be provided under such plan to any individual who, as an "essential person" (as defined in subsection (b)), was eligible for assistance under such plan (as such plan was in effect for December 1973), for each month, after December 1973, that such individual continues to meet the criteria, as an essential person, for eligibility under such plan (as such plan was in effect for December 1973).

(b) As used in subsection (a), the term "essential person" means a person who—

(1) for the month of December 1973, was present in the home of an individual who was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act, and

(2) was not a recipient of such aid or assistance (in his or her own right) for such month, but whose needs were taken into account in determining the need of such individual for and the amount of aid or assistance (referred to in paragraph (1)) provided to such individual.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 241. For purposes of section 1902(a)(10) of the Social Security Act, any individual who—

(1) for all (or any part of) the month of December 1973 was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act.

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibity to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 242. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973).

EXTENSION OF SECTION 249 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 243. Section 249E of the Social Security Amendment of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 224. (A) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART F—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 250. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and

504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act, then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

TITLE III—IMPOUNDMENT CONTROL PROCEDURES

SEC. 301. The Congress finds that—

(1) the Congress has the sole authority to enact legislation and appropriate moneys on behalf of the United States;

(2) the Congress has the authority to make all laws necessary and proper for carrying into execution its own powers;

(3) the Executive shall take care that the laws enacted by Congress shall be faithfully executed;

(4) under the Constitution of the United States, the Congress has the authority to require that funds appropriated and obligated by law shall be spent in accordance with such law;

(5) there is no authority expressed or implied under the Constitution of the United States for the Executive to impound budget authority and the only authority for such impoundments by the executive branch is that which Congress has expressly delegated by statute;

(6) by the Antideficiency Act (Rev. Stat. sec. 3679), the Congress delegated to the President authority, in a narrowly defined area, to establish reserves for contingencies or to effect savings through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which appropriations are made available;

(7) in spite of the lack of constitutional authority for impoundment of budget authority by the executive branch and the narrow area in which reserves by the executive branch have been expressly authorized in the Antideficiency Act, the executive branch has impounded many billions of dollars of budget authority in a manner contrary to and not authorized by the Antideficiency Act or any other Act of Congress;

(8) impoundments by the executive branch have often been made without a legal basis;

(9) such impoundments have totally nullified the effect of appropriations and obligational authority enacted by the Congress and prevented the Congress from exercising its constitutional authority;

(10) the executive branch, through its presentation to the Congress of a proposed budget, the due respect of the Congress for the views of the executive branch, and the power of the veto, has ample authority to affect the aupproriation and obligation process without the unilateral authority to impound budget authority; and

(11) enactment of this legislation is necessary to clarify the limits of the existing legal authority of the executive branch to impound budget authority, to restablish a proper allocation of authority between the Congress and the executive branch, to confirm the constitutional proscription against the unilateral nullification by the executive branch of duly enacted authorization and appropriation Acts, and to establish efficient and orderly procedures for the recording of budget authority through joint action by the Executive and the Congress, which shall apply to all impoundments of budget authority, regardless of the legal authority asserted from making such impoundments.

SEC. 302. (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits, or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department, or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to subsection (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority, following which he shall notify both Houses of Congress within 15 days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C 665), commonly referred to as the "Antideficiency Act", the provisions of section 303 and section 305 shall not apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 303 and 305 shall apply.

(d) If any information contained in a special message submitted pursuant to subsection (a) is subsequently revised, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall

be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 303. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 305: *Provided, however,* That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty-day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concufrent resolution within the sixty-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer or employee from reimpounding the specific budget authority set forth in the special message which the Congress by its action or failure to act has thereby rejected.

SEC. 304. For purposes of this title, the impounding of budget authority includes—

(1) withholding, delaying, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available,

(2) Withholding, delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in order to permit the budget authority to be expended or obligated),

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 305. The following subsections of this section are enacted by the Congress:

(a)(1) As an exercise in the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(b)(1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or House of Representatives, as the case may be, which is introduced and acted upon by both Houses at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. —."

(3) The matter after the resolving clause of a resolution disapproving, in whole or in part, the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ———— (in the amount of $————)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the sixty-day period.

(c)(1) A resolution introduced, or received from the other House, with respect to a special message shall not be referred to a committee and shall be privileged business for immediate consideration, following the receipt of the report of the Comptroller General referred to in section 302(c). It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. Such motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If, prior to the passage by one House of a resolution of that House with respect to a special message, such House receives from the other House a resolution with respect to the same message, then—

(1) If no resolution of the first House with respect to such message has been introduced, no motion to proceed to the consideration of any other resolution with respect to the same message may be made (despite the provisions of subsection (c)(1) of this section).

(2) If a resolution of the first House with respect to such message has been introduced—

(A) the procedure with respect to that or other resolutions of such House with respect to such message shall be the same as if no resolution from the other House with respect to such message had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such message the resolution from the other House with respect to such message shall be automatically substituted for the resolution of the first House.

(e) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

(f) Notwithstanding any other provision of this section, it shall not be in order in either House to consider a resolution with respect to a special message after the two Houses have agreed to another resolution with respect to the same message.

(g) As used in this section, the term "special message" means a report of impounding action made by the President pursuant to section 302 or by the Comptroller General pursuant to section 306.

SEC. 306. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this title, and the President fails to report such impounding action to the Congress as required by this title, the Comptroller General shall report such impounding action with any available information concerning it to Both Houses of Congress, and the provisions of this title shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: *Provided, however,* That the sixty-day period provided in section 303 shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impounding action was taken.

SEC. 307. Nothing contained in this title shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 308. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this title, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be necessary or appropriate to secure compliance with the provisions of this title by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 309. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this title.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this title or by the Antideficiency Act, he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 310. If any provision of this title, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the title and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

SEC. 311. The provisions of this title shall take effect from and after the date of enactment.

TITLE IV—CEILING ON FISCAL YEAR 1974 EXPENDITURES

SEC. 401. (a) Except as provided in subsection (b) of this section, expenditures and net lending during the fiscal year ending June 30, 1974, under the budget of the United States Government, shall not exceed $268,700,000,000.

(b) If the estimates of revenues which will be received in the Treasury during the fiscal year ending June 30, 1974, as made from time to time, are increased as a result of legislation enacted after the date of the enactment of this Act reforming the Federal tax laws, the limitation specified in subsection (a) of this section shall be reviewed by Congress for the purpose of determining whether the additional revenues made available should be applied to essential public services for which adequate funding would not otherwise be provided.

SEC. 402. (a) Notwithstanding the provisions of any other law, the President shall, in accordance with this section, reserve from expenditure and net lending, from appropriations, or other obligational authority otherwise made available, such amounts as may be necessary to keep expenditures and net lending during the fiscal year ending June 30, 1974, within the limitation specified in section 401.

(b) In carrying out the provisions of subsection (a) of this section, the President shall reserve amounts proportionately from new obligational authority and other obligational authority available for each functional category, and to the extent practicable, subfunctional category (as set out in table 3 of the United States Budget in Brief for fiscal year 1974), except that no reservations shall be made from amounts available for interest, veterans' benefits and services, payments from social insurance trust funds, public assistance maintenance grants, and supplementary security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries.

(c) Reservations made to carry out the provisions of subsection (a) of this section shall be subject to the provisions of title III of this Act, except that—

(1) if the Comptroller General determines under section 302(c), with respect to any such reservation, that the requirements of proportionate reservations of subsection (b) of this section have been complied with, then sections 303 and 305 shall not apply to such reservation, and

(2) the provisions of section 303 which preclude reimpoundment shall not apply with respect to any such reservation.

(d) In no event shall the authority conferred by this section be used to impound funds, appropriated or otherwise made available by Congress, for the purpose of eliminating a program the creation or continuation of which has been authorized by Congress.

SEC. 403. In the administration of any program as to which—

(1) the amount of expenditures is limited pursuant to this title, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure (after the application of this title) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

Mr. LONG. Mr. President, H.R. 8410 as it passed the House continues the present debt limit of $465 billion for 5 months and continues two other provisions relating to Federal Government bonds. The Finance Committee accepted these provisions of the House bill without change and added an amendment which would provide $3.8 billion in increased social security, supplemental security income, and medicaid benefits to more than 30 million persons. This is necessary to offset the effect of the steep inflation of the past months since phase 2 ended.

The committee bill also corrects some oversights in last year's social security bill which, if left uncorrected, would have the unfortunate effect of having many thousands of aged, blind, and disabled assistance recipients and medicaid eligibles suffer a reduction in benefits or loss of medicaid eligibility come next January. The amendments made by the committee also add an expenditure limitation and impoundment procedures which are essentially the same as those already passed by the Senate on two occasions.

Let me turn first to the social security benefit increase.

SOCIAL SECURITY BENEFIT INCREASE

Last year the Congress enacted a law providing for social security benefits to be increased automatically as the cost of living rises. Generally speaking, whenever the cost of living goes up by at least 3 percent in a year, social security benefits will be increased by the amount that the cost of living has gone up. Each of these benefit increases becomes effective for the January following the year in which the cost of living has increased.

Everyone is well aware of the extent to which the cost of living has gone up in the last year—especially since phase 2 was ended in January. But under last year's law, the first cost-of-living social security increase cannot go into effect until January 1975. In the 12 months since the Congress voted the automatic cost-of-living increase provision into law, the consumer price index has gone up about 5.6 percent. Now it is true that the increase in the cost of living will eventually be reflected in the benefit increase that will come about in January 1975. But it would be unconscionable to make the 30 million social security beneficiaries who will be on the rolls in January 1974 wait a full year when steep inflation is already eating away at the value of their benefits.

Mr. President, the Senator from Connecticut (Mr. RIBICOFF) called our attention to the need for this provision. I had been under the impression, and I believe that this impression was probably shared by a majority of the Members of Congress, that the automatic cost-of-living increase provision already in law would benefit these 30 million social security retirees as of January 1974. That is an error. We are very fortunate that the senior Senator from Connecticut (Mr. RIBICOFF) directed this matter to our attention.

Accordingly, the committee bill would provide for the first cost-of-living increase to take place next January rather than waiting until January 1975. This increase would be the same amount as the cost of living has risen in the 12-month period between June 1972 and June 1973, estimated to be a 5.6 percent increase. At this rate of increase, the average monthly benefit to a retired individual would rise from $161 to $170, and the average monthly benefit for aged couples would increase from $277 to $293. Under the committee amendment, nearly 30 million social security beneficiaries would receive an estimated additional $3.2 billion in social security benefits.

SUPPLEMENTAL SECURITY INCOME

A more timely cost-of-living increase in social security benefits alone will not do the whole job. Last year the Congress enacted a new supplemental security income program under which the Federal Government would guarantee aged, blind, and disabled persons, beginning next January, a monthly income of $130 for an individual and $195 for a couple. A majority of the SSI recipients will also be receiving a small social security benefit. If we increase social security benefits and do nothing else, the SSI recipients will be no better off because the SSI payment will be reduced $1 for every dollar that social security payments will go up.

Aged, blind, and disabled assistance recipients suffer from the same inflation as everyone else. We want to help both for those SSI recipients who also receive social security benefits and those whose only income is their SSI payment. The committee bill would do this by increasing the SSI guarantee levels from $130 to $140 for an individual and from $195 to $210 for a couple. More than 5 million persons would receive an additional $325 million in SSI payments in calendar year 1974 if the committee bill becomes law.

COVERING "ESSENTIAL PERSONS"

Many States now take into account the needs of "essential persons," typically a spouse under age 65 of an assistance recipient over 65. Under the new SSI program, only persons who are themselves over 65, blind, or disabled, are eligible for payments. If we do nothing to change the law, that spouse will not be eligible for a Federal SSI payment. It was an oversight that the Congress never intended for this kind of couple to take a cut next January.

The committee bill would correct this oversight by extending SSI eligibility to persons currently considered essential persons under State programs of aid to the aged, blind, and disabled. Under the committee bill, an aged person whose spouse under age 65 is currently on public assistance would be guaranteed a monthly income of $210 under the new SSI program. Under this provision, an estimated 125,000 persons would receive additional Federal SSI payments of $100 million in calendar year 1974.

REQUIRING STATE SUPPLEMENTATION

Based on the most recent figures available, about half of the State currently pay an aged individual with no other income less than $140 for basic needs and an aged couple less than $210. This means that most persons in these States would find their monthly payments increased beginning next January, and the States would have very substantial savings when the Federal program goes into effect. In

other States, however, payment levels exceed the Federal guarantee levels which under the committee bill would be $140 for an individual and $210 for a couple. And even in States now paying less than $140 and $210, individuals and couples with special needs may be receiving higher payments.

When the Congress enacted the SSI program it wanted to improve the lot of the needy aged, blind, and disabled. It certainly did not intend for thousands of them to find their payments cut when the new program went into effect. The committee bill, by increasing the SSI guarantee level and by covering essential persons now on the rolls, will go a long way toward preventing a cut in their payments. These two committee amendments would cost $425 million more in 1974 than the $3.8 billion already contemplated in Federal expenditures. In view of this huge Federal investment, the committee felt it appropriate to require States for at least 1 year to assure that no current recipient would have his payments reduced when the SSI program goes into effect next January. We accomplished this in the committee bill by saying that States not providing this required supplementation of SSI benefits would not be entitled to Federal medicaid matching funds in calendar year 1974.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

Federal administration of the new supplemental security income program will require the hiring of a substantial number of new Federal employees. The Secretary of Health, Education, and Welfare testified on June 19 that about 8,000 new employees have already been hired and that another 7,000 will be hired over the next 6 months. At the same time many States will no longer be administering an assistance program for the aged, blind, and disabled, and State and local employees now working in the programs of aid to the aged, blind, and disabled in these States will no longer have their present jobs when the new SSI program goes into effect next January.

The committee bill includes a provision brought up for our constitution by Senator RIBICOFF, under which the Secretary of Health, Education, and Welfare, in hiring Federal employees for the new SSI program, will provide a preference in employment to qualified present State and local employees who will be displaced when the new SSI program goes into effect.

DETERMINATION OF BLINDNESS

In the present State programs of aid to the blind, Federal law permits the determination of blindness to be made either by a physician skilled in diseases of the eye or by an optometrist. The committee bill would add a similar provision for determining blindness under the SSI program. This matter was proposed in committee by Senator DOLE.

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO AID TO FAMILIES WITH DEPENDENT CHILDREN RECIPIENTS

Under present law if social security benefits are increased, recipients of aid to families with dependent children who are also social security beneficiaries find their AFDC payment reduced one dollar for each dollar that social security benefits are increased. To assure that AFDC recipients who are also social security beneficiaries receive the benefit of the social security cost of living increases provided in the committee bill, the committee bill would also require States, in determining need for AFDC to disregard 5 percent of social security income. This provision was brought up in committee by Senator RIBICOFF.

SOCIAL SERVICES REGULATIONS

Last year the Congress was very concerned about the social services program, whose costs at that time were going completely out of control. We responded by putting a $2.5 billion limitation on Federal funds for social services. We acted in good faith, intending to provide the States a fair opportunity to use their share of the $2.5 billion for social services.

In May of this year, the Department of Health, Education, and Welfare published new regulations. Our committee hearings, in which Senator MONDALE played a leading role, showed the committee that the regulations are far out of line not only with our actions last year, but also with the provisions of the Social Security Act itself.

Let me give some examples. Last year the Congress raised the Federal matching percentage for family planning services both for welfare recipients and for persons likely to become dependent on welfare. In the section limiting Federal matching for social services, we listed family planning as a high priority service which can be provided to persons regardless of whether or not they are on welfare. Yet the HEW regulations permit Federal funds for services to persons not now on welfare only if they "are likely to become applicants for or recipients of financial assistance under the State plan within six months." With this kind of time limitation, either no family planning services can be provided to persons not now on welfare or else the only kind of family planning services for which Federal matching would be available in such a case would be abortion.

Another example: Federal law requires its States as part of their AFDC program attempt to establish the paternity of children born out of wedlock and to locate fathers who have deserted their families and try to collect support payments from them. All of these activities require legal services. Yet the HEW regulations provide for Federal matching of legal services only when they involve "solving legal problems of eligible individuals to the extent necessary to obtain or retain employment."

Another example: Last year's legislation limiting social service funds included in its list of high priority services those services provided to drug addicts and alcoholics "as part of a program of active treatment." Yet the HEW regulations say the Federal Government will not pay for medical treatment of alcoholism or drug addiction.

Another example: Last year's law also listed services to the mentally retarded as a high priority item. Despite this statutory priority, services for the mentally retarded are not specifically included in the list of services allowable under the new regulations.

The list could go on and on. In any case, the committee felt that the new regulations scheduled to become effective July 1 were so out of step with the clear requirements of the statute and with congressional intent that the Congress should have an opportunity to review both the prior and the new regulations to see what kinds of policy should be written in law rather than left for regulatory interpretation. The committee bill. therefore, provides that no new social services regulations would become effective before January 1974. By that time, the Congress will be able to consider statutory changes in the provisions of law affecting social services.

MEDICAID AMENDMENTS PROTECTING MEDICAID RECIPIENTS FROM LOSS OF ELIGIBILITY

If the Congress does not act, several categories of persons now eligible for medicaid will lose their eligibility next year. The committee. amendment would protect these persons against loss of medicaid eligibility.

I have already mentioned that "essential persons"—typically the spouse under age 65 of a man over 65—will be made eligible for supplemental security income payments under the committee bill. Another provision of the committee bill will assure that no essential persons who are currently eligible under the medicaid program lose their medicaid eligibility. The current medicaid eligibility of persons in medical institutions would also be retained under the committee bill, as would the medicaid eligibility of blind and disabled medically needy persons.

EXTENSION OF 1972 MEDICAID SAVINGS CLAUSE

Last year's social security bill contained a savings clause continuing medicaid eligibility for persons who would otherwise lose their eligibility because the 20 percent social security increase in 1972 raised their incomes above the eligibility level for cash assistance payments. This savings clause, presently scheduled to expire October 1974, would under the committee bill be extended through June 1975. The committee felt this extension would permit the Congress a better opportunity to deal with the issue of loss of medicaid eligibility.

The provisions to protect and extend medicaid eligibility would cost an estimated $150 million in Federal funds in 1974.

REPEAL OF LIMIT ON NURSING HOME PAYMENTS

Last year's social security bill includes a section limiting to 5 percent the annual increase in allowable average per diem cost for skilled nursing home and intermediate care facilities. The committee feels that this provision is difficult to administer, inequitable, and, most importantly, inconsistent with our desires to have the quality of care improved. The committee bill would, therefore, repeal this provision. Senators TALMADGE, CURTIS, and DOLE had cosponsored this provision.

MATERNAL AND CHILD HEALTH PROJECT GRANTS

Under present law 50 percent of appropriations under the maternal and child health program go for formula grants to States; 40 percent are for special project grants; and 10 percent for research and training grants. The project grant authority is scheduled to terminate on June 30 of this year, after which 90 percent of the funds appropriated will be for formula grants to States. The committee bill includes a provision proposed by Senator MONDALE which would extend the authorization for project grants for another year, and would assist orderly budgeting by grantees by providing for a transition to a State-coordinated program.

Let me return now to the debt provisions as passed by the House. The bill provides an extension of the present statutory debt limit of $465 billion from the first of July through November 30 of this year—a simple 5-month extension.

The committee examined the administration's projections of the required debt level through November and found that given a $6 billion cash balance, the present limit of $465 billion was exceeded on only two occasions, the end of August and the end of November. On these two occasions, the debt did exceed this $465 billion limit by only $2 billion. With an operating cash balance of $4 billion, instead of $6 billion, the Treasury figures indicate that the $465 billion limitation will be satisfactory. This is a tight limit, but it is one which the Treasury Department acknowledges it can live with.

Both the House and the committee believe that there has been too much variation in budget figures in recent months to justify providing an increase in the debt limit to $485 billion for the entire fiscal year 1974 as requested by the administration. The inflation we have experienced this year has been severe and has caused unusually large increases in both our gross national product and other measures of our economic growth.

The gross national product increased by 14 percent on an annual basis in the first quarter which represented an 8 percent increase in real economic growth and a 6 percent increase in prices. This caused the Treasury to up its own estimates of receipts substantially and caused it to decrease its estimates of the deficit for the fiscal year 1973—the year already almost over—by $7 billion and to decrease its estimate of the deficit in the fiscal year 1974 by $10 billion. With this type of rapid change in estimates, we cannot provide a satisfactory debt limitation for the entire year at this time.

In addition, since we do not have a satisfactory device such as that proposed by the Joint Committee on Budget Control to help the Congress in controlling budget expenditures, we must do the best thing we can by using the debt limit for this purpose—as weak a reed as it is, although another provision I will tell you about in a moment should give us further help in this regard.

MODIFICATION OF LIMITATION ON OUTSTANDING LONG-TERM BONDS

The committee also agreed with the House in approving an adjustment in present law which permits the Treasury Department to issue up to $10 billion in long-term bonds at interest rates above the statutory limit of 4¼ percent.

This exception from the interest rate limit was enacted 2 years ago, and presently, there are $8.4 billion in these long-term bonds outstanding. Approximately half of this total, $3.9 billion, is held by Government accounts and the Federal Reserve System. These holdings reduce the ability of the Treasury to issue these bonds to the general public where there is a continuing market for this type of security.

The adjustment reached was to exclude from the $10 billion exception the holdings by Government accounts of these long-term bonds. As things now stand, it really is meaningless to include Government account holdings within this limitation, since most of them are limited to a rate of interest equal to the average market yield on outstanding marketable securities. This is the only limitation needed on these securities.

The committee action, therefore, frees a substantial amount of the $10 billion limitation for public holdings. This should enable the Treasury Department to lengthen the present average maturity on the public debt, which is 3 years, and to reduce the frequency with which the Treasury Department has to return to the money market for refunding operations.

This, of course, does not represent an approval for the Federal Government to pay high interest rates. Rather, its purpose is to make it possible for the Treasury Department to sell a limited amount of long term bonds to the public at competitive interest rates.

REFUND CHECK-BONDS

The committee also approved a House provision granting the Treasury Department authority beginning next January 1 to make refunds on overwithholding of individual income tax payments with a so-called check-bond. This will automatically become the equivalent of a Series E savings bond if the taxpayer does not cash the check within the period before the first interest payment for bonds begins. This form of savings bond was developed to provide the Treasury Department with an additional tool to encourage taxpayers to continue saving overwithholding at a time when the immediate spending of the tax refunds could add dangerously to the high levels of inflation.

All refund checks due on returns filed on time will in the case of calendar year taxpayers carry an effective date of January 1, even though issued on April 15. If the checks are not cashed by July 1, they will automatically become savings bonds and earn interest from January 1 at the rate now applicable for Series E savings bonds. From that time until the bond is redeemed, it will possess all of the characteristics of a Series E bond.

EXPENDITURE LIMITATION

While the committee recognized that the extension of the present debt limitation for 5 months helped Congress to exercise some control over the budget, it did not consider this sufficient control. As a result, the committee added an amendment providing an expenditure ceiling for the fiscal year 1974 together with a procedure for allocating any reductions this ceiling makes necessary. This limit was proposed in committee by Senator ROTH.

Under this limit, with a series of specific exceptions for uncontrollable items, any cutbacks in expenditures are to be made on a pro rata basis. This is the procedure the Senate decided last year was the procedure it desired to follow where impoundments were necessary in order to decrease total spending. This spending ceiling and the allocation procedures are the same as the provisions in S. 373, and the provisions added by the Senate in H.R. 6912, both of which have passed the Senate. There is, however, one variation in the spending ceiling from the two measures I have just referred to. The spending ceiling in both of those measures was $268 billion. Because of the social security increases provided in this measure, the committee has increased this total by $700 million to $268.7 billion.

The categories with respect to which no impoundments are to be made are the funds available for interest payments, veterans benefits and services, payments for social insurance trust funds, public assistance maintenance grants and supplementary security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries. In no event is the authority made available under the debt ceiling to be used to impound funds for the purpose of eliminating a program whose creation or continuation has been authorized by Congress.

IMPOUNDMENT PROCEDURES

In addition to the expenditure ceiling, the committee added a provision setting forth impoundment control procedures. These are identical to the Ervin amendment, and were proposed in committee by Senator RIBICOFF.

In brief, this impoundment procedure will require submission to Congress of a special message by the President announcing each impoundment. These impoundments will be reviewed by the Comptroller General who will advise the Congress whether the impoundment conforms with the Antideficiency Act and, therefore, is provided for by present law. If it does not, unless the impoundment is approved in whole or in part by a concurrent resolution passed by both houses of Congress within 60 days of the special message, then the impoundment must cease, and the expenditure of the impoundment becomes mandatory. In addition, further impounding of the same funds is precluded.

In the event the administration fails to report impoundments of budgetary authority, the Comptroller General is to report this action to the Congress, and this impoundment then is subject to the same procedures as I have just described.

The Comptroller General is to represent the Congress in the U.S. District Court for the District of Columbia in order to enforce the anti-impoundment provisions. In this action, he is to employ attorneys of his own choosing.

I do not believe that it is necessary for me to detail the reasons already presented so extensively on the floor of the Senate as to the need for this impoundment procedure and also the spending limit. The Senate has already expressed its views on this subject in an affirmative manner on two other occasions. I urge the adoption of the committee amendment.

SOCIAL SECURITY INCREASE

Mr. RIBICOFF. Mr. President, today we are considering a proposal which will assure 28 million Americans that they will not suffer loss of their income by inflation. This proposal—a 5.6-percent social security increase—would assure that social security beneficiaries receive a benefit increase in January of 1974 to cover the increased cost of living between June of 1972, when the last social security increase was enacted, and now.

In the last few years Congress has taken the lead in assuring older Americans of a more adequate retirement income. In 1972 we enacted a 20-percent social security increase—the largest single increase in history. And we enacted a cost of living escalator to assure that benefits would keep up with inflation. Congress decided to delay the effective date of the escalator clause until 1975.

Unfortunately, the steep pace of inflation in the last year has wiped out a large part of the 20-percent increase and we cannot expect older Americans to wait until 1975 for another increase.

For that reason I introduced S. 2025 on June 20 to move the effective date of the social security escalator forward from January 1, 1975 to January 1, 1974. That bill already has been cosponsored by 22 Senators (LONG, CHURCH, MONDALE, KENNEDY, HARTKE, PASTORE, HUMPHREY, NELSON, PELL, EAGLETON, MCGOVERN, ABOUREZK, INOUYE, STEVENSON, BAYH, MOSS, CANNON, HART, BENTSEN, JACKSON, BROOKE, and COOK).

The next day the Finance Committee met in executive session and I expanded my proposal. I proposed a flat 5.6-percent social security benefit increase to become effective in January of 1974.

It is imperative that this provision be enacted as soon as possible. Despite the social security benefit increases of the past few years, social security benefit levels are still not adequate.

Social security benefits for millions of older Americans—even with the 20-percent increase enacted last year—still fall below the Government's own poverty benchmar. Average annual payments for retired workers amounted to $1,944 in 1972, nearly $40 below the poverty threshold for single aged persons. For widows, average benefits were more than $320 under the impoverished standard.

And benefits have not kept pace with inflation.

Property taxes have jumped by nearly 39 percent in the last 4 years, nearly twice the overall increase in the Consumer Price Index. And the impact has been especially severe for the aged because early 70 percent own their own homes.

Public transportation costs have risen by over 33 percent during this same period. Here again, senior citizens are hard hit since many must rely on public transit instead of private automobiles.

Food prices have gone up by at least 34 percent in the 4-year period. This is tragic for the elderly who spend 27 percent of their income for food as compared to 17 percent of all Americans. And medical care costs---a significant cost factor to the aged—have increased 36 percent.

And all of these price increases have been escalating even more rapidly in the last few months.

It is unconscionable for us to let prices skyrocket out of sight while millions of older Americans are denied an increase in social security benefits.

This 5.6 percent increase in benefits would not require an increase in the social security tax or the taxable wage base. It would be financed completely out of the large surplus in the social security trust fund.

The other Finance Committee amendments to the debt ceiling bill are also important.

THE SOCIAL SECURITY PASSTHROUGH

This amendment, which I proposed in the Finance Committee and was adopted assures that recipients of aid to families with dependent children who are also social security beneficiaries receive the benefit of the 5.6-percent increase. Under State law, welfare benefits are reduced when social security benefits are increased. In the past many recipients of the social security benefit increase have actually suffered reductions in income despite benefit increases. This would be prevented by our provision requiring States, in determining need for AFDC, to disregard 5 percent of social security income.

SUPPLEMENTAL SECURITY INCOME PROGRAM

The Social Security Amendments of 1972 established a new Federal supplemental security income program to replace present public assistance programs for the aged, blind and disabled. We approved an increase in the benefit levels of the new program from $130 to $140 for single persons and from $195 to $210 for a couple. This will help the aged poor toward a more adequate income.

We also required States to supplement the SSI payment levels for the first year of the program—1974. This would assure that recipients in States like Connecticut do not suffer a cutback in benefit payments. Under present law States had the option to supplement. While it is expected that most States will make supplemental payments, many of them did not have the opportunity in 1973 to pass State legislation permitting supplementals. This amendment will assure recipients of continued benefits and give the States an additional year to enact the necessary enabling legislation.

EMPLOYEE PROTECTION

I am pleased that the Finance Committee has recognized the need to provide protection for State and local welfare employees during the transition of welfare programs for the aged, blind and disabled from State and local jurisdiction to Federal jurisdiction.

The Finance Committee has accepted, in modified version, my legislative proposal to protect these employees by giving them preference in hiring for the new SSI program. The rights of these employees—including seniority, leave, pension, salary must also be protected to the maximum possible extent.

I urge my colleagues to support the Finance Committee amendments to this debt ceiling legislation.

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CONTINUATION OF EXISTING TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

Mr. LONG. Mr. President, in order that a meaningful vote may be had with regard to the four major portions of the committee amendment, I ask unanimous consent that the committee amendment be divided ino these four parts:

One. Beginning on page 3, line 9, through page 5, line 14—this part has the 5.6 percent cost-of-living increase in social security benefits.

Two. Beginning on page 5, line 15, through page 18, line 3, and beginning on page 20, line 3, through page 28, line 5. This contains the increase in the supplemental security income payments, and other provisions to correct oversights in H.R. 1.

Three. Beginning on page 18, line 4, through page 20, line 2. This part provides a 6-month delay in the effective date of the HEW social services regulations.

Four. Beginning on page 28, line 6, through page 44, line 14. This includes the provisions relating to impoundment procedures and expenditure limitations.

The PRESIDING OFFICER (Mr. HATHAWAY). Is there objection to the request of the Senator from Louisiana?

Mr. GRIFFIN. Mr. President, reserving the right to object, since other Members are not on the floor, I want to make it clear that their rights are not being affected significantly by this request. I should therefore like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan will state it.

Mr. GRIFFIN. In the absence of a unanimous-consent request being made by the distinguished chairman of the committee, is it not a fact that any Senator can demand a division of the question in any event?

The PRESIDING OFFICER. A Senator has that right to demand a division on any question which is divisible, and this one is divisible.

Mr. GRIFFIN. That would be my understanding of it, so that, under the circumstances, there would be no point in objecting, even if there were an objection that could be made, so I am not going to do so.

Mr. LONG. Mr. President, this request involves a division which includes two items which are not placed in sequence in the bill, so that we would vote on them together. I make that request because these sections are related. They deal with aged persons who would be entitled to welfare benefits at the present time, or are eligible for medicaid benefits. Their rights would be protected under the committee bill. I recommend this so as to save the time of the Senate by voting on all these related sections at one time. That part of my request requires a unanimous-consent agreement to vote on these sections en bloc.

I have no objection to voting on them separately. I just think it would save time of the Senate to vote en bloc on both.

Mr. BENNETT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BENNETT. I was not completely clear. Does the Senator intend to have only one vote on these two matters?

Mr. LONG. I will modify my request and ask unanimous consent that the committee amendment remain subject to amendment so that any Senator who wants to separate out one part of it can do so.

Mr. BENNETT. These are two separate proposals. There may be some Members of the Senate who would like to vote one way on one and one way on another. I understood that the Senator would ask——

Mr. LONG. Senator, the part that would affect persons in medicaid was agreed to in the committee by a unanimous vote. I would think the vote would be even more impressive than a vote on the SSI portion.

Mr. BENNETT. Maybe I did not understand. The Senator is asking for a vote on the social security and then another vote on the SSI?

Mr. LONG. Yes.

Mr. BENNETT. That is the area I missed. As long as there are going to be two separate votes on those two matters, I have no objection.

Mr. LONG. I thank the distinguished Senator from Utah. I think it is desirable that there be a separate vote on these two matters, and the request would include that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that Mr. Jeff Peterson, of the staff of the Senator from Connecticut (Mr. RIBICOFF), be privileged to remain on the floor during the consideration of and the votes on H.R. 8410.

The PRESIDING OFFICER. Without objection, it is so ordered.

chairman had the privilege of making

Mr. BENNETT. Mr. President, the his opening statement last night; and since I was forced to be out of Washington, my opening statement could not come then, and I shall make it now.

This is the debt limit bill that we will now spend some several hours discussing along with some amendments that may be added to it.

It was not very long ago when the debt limit bill could be described as Congress annual exercise in flagellation of the Secretary of the Treasury for requesting Congress to provide him with funds to supplement tax receipts so that he could pay the Federal Government's bills. Now the debt limit bill has become one of Congress favorite games. It is so enjoyable that we play it with greater frequency—three times last year and at least twice this year, so far.

I thought I might describe, first, the House bill we are now considering before proceeding to the amendments we propose. As it came from the House, this bill contained three provisions: an extension of the present debt limit for 5 months; an amendment to the Treasury Department's authority to issue long-term bonds with interest rates above 4¼ percent; and authority for the Treasury to issue a check-bond type of security for income tax refunds.

The present debt limit is extended at $465 billion for 5 months through November 30 of this year. But we will have it back again and go through this exercise at least once more. At the present time, the limit consists of a permanent limit of $400 billion and a temporary additional limit of $65 billion which expires at midnight Saturday and must be renewed by that time.

The administration initially requested an increase in the total limitation to $485 billion through all of fiscal year 1974, which ends June 30, 1974. The House decided to extend the present $465 billion limit for the 5-month period. The Treasury Department would prefer the higher limit for all of the new fiscal year, but it decided that it had no major disagreement with the extension of the present limit for a short period. In fact, it has indicated that it can manage its activities under the $465 billion limit through the end of next November, although the limit will squeeze the cash balance to $4 billion at the end of August and November, according to present projections.

The second House provision the Treasury agreed to relates to the interest rate on long-term bonds. Two years ago, Con-

gress gave the Treasury Department authority to issue $10 billion of long-term bonds with interest rates above the statutory 4¼-percent limit. The Treasury has exercised this authority seven times since mid-August 1971 at coupon rates that have varied between 6⅛ and 7 percent. Presently, there are $8.4 billion of such long-term bonds outstanding.

Approximately half of that total, or $3.9 billion, is held by Government accounts and the Federal Reserve system. These holdings reduce the ability of the Treasury Department to issue such bonds to the general public, but at the same time, there are good reasons for the managers of several Government accounts to hold these Government bonds.

When enacted 2 years ago, Congress did not contemplate that the Government accounts would be covered under the limit, and the limitation on these securities is meaningless because, by law, the interest rate on these portfolios is limited to the average market yield on outstanding marketable securities.

The provision in this bill solves the problem by excluding bonds held by Government accounts from the $10 billion limitation. Government accounts may sell their holdings of these bonds to the public, which would increase the amount outstanding subject to the limitation, but a sale may not be made when it would raise the public holdings above $10 billion.

The third and final House provision is what I believe is a very ingenious device to help us combat inflation. The proposal calls for a check-bond that can be issued by the Treasury as a way of paying a tax refund on the income tax. This was developed in response to situations like those the Treasury Department faced this spring. There was substantial overwithholding in 1972 from wages and salaries which led to an increase of about $6 billion in refund payments. This generated great concern about the potential for a serious inflationary impact from the sudden spending of that large amount of money in a short period of time.

In addition, it appears that many taxpayers apparently prefer to be overwithheld because they consider it to be a desirable form of savings. The check-bond will make it possible for them to continue saving simply by not redeeming the check as soon as it is received.

In operation, the check-bond is really quite simple. In the case of calendar year taxpayers, it will be available for all individual income tax returns that are filed by April 15. All refund checks on such returns will carry an effective date of January 1, and if they are not cashed by July 1 of the same year, they will automatically become savings bonds that earn interest from January 1 at the rate now applicable for series E savings bonds.

During its deliberations on the debt limit bill, the Finance Committee also considered other subjects. There are several social security amendments and two provisions provide for an expenditure ceiling for fiscal year 1974 and a procedure to govern impoundments of budget authority by the President or other officials in the executive branch.

The committee amendments also cover 5 areas under the social security programs. In my opinion, some of these provisions have merit, but favorable action on them in this bill is inappropriate. Hearings were held with respect to only one of the amendments. I do not believe in precipitate action of this type. Instead, I believe, the Finance Committee should have taken the time to hold public hearings on these proposals, devote time to the proper markup of the proposals and then, to the extent the amendments were considered desirable, to add them to a social security bill now before the committee.

The first of the amendments provides that the automatic cost-of-living adjustment for social security benefit payments will become effective on January 1, 1974, instead of January 1, 1975, as under present law. The immediate effect of this amendment will be to bring about an increase in benefit payments of approximately 5.6 percent next January. The increase would offset the increase in the cost of living that has taken place between June 1972 and this month.

The argument for this action is that the increased cost of living has its greatest impact on the aged beneficiaries of the social security program who are least able to find other ways to offset the higher cost of living. I realize this kind of statement has wide appeal, but it fails to consider that the social security recipients received a 20-percent benefit increase last September.

When the benefit increase was presented to the Senate, it was argued that this 20 percent would take care of the potential cost-of-living increase until January 1975. It was for that reason that the effective date of the first automatic cost-of-living increase in social security was deferred until January 1975. Now, under this bill, we propose to give a double shot for cost-of-living increases in the present fiscal year—that share of the 20 percent which was provided for that purpose last September and a second shot in this bill.

Another problem with the amendment is its impact on the financing through the trust fund. Under legislation passed last year, contributions must be great enough to maintain the balance in the trust fund at a minimum level of 75 percent of the annual benefit payments. Previously it was maintained on a 100-percent basis and before that it was to be funded on an actuarially sound basis. Budget estimates show that the trust fund balance at the end of fiscal year 1974 would be close to 89 percent of that year's outlays. With this increase in benefit payments, there will be a smaller net contribution made to the trust fund balance in fiscal year 1974. As a result, the balance next June 30 will be about 82 percent of fiscal year 1974's outlays. This decline while not reducing the balance below the required ratio, takes it a very long step in that direction. One more step of that size would require that the wage base and/or the paroll tax be increased in order to preserve the trust fund balance at even this minimum level.

Up until this time the Committee on Finance has always prided itself that whenever it provided increases in the social security benefits it matched them with increased taxes to support them. But, we are now taking a step to break that tradition, and we are setting a new precedent. I am worried about that. If we do it this time, then maybe the next time we face this problem, we will be told that because the trust fund balance is above 75 percent of 1 year's benefit payments it is safe to go on drawing against future benefits for which current taxpayers are paying.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. LONG. Is the Senator aware of the fact that in 1969 there was a big actuarial surplus in the social security program, and we voted a 15-percent social security increase, and it did not require an increase in the tax rate because the financing at that time was on such a conservative basis that no tax increase was required?

Mr. BENNETT. What we did in 1972 was to say, "Well, we are going to reduce the required minimum balance in the fund from 100 to 75 percent, so that gives us a windfall, which we do not need to cover."

That was carefully planned so that we would arrive at that point sometime in the future. By by doubling up the cost-of-living increases for this fiscal year, we are bringing the day closer when to maintain the 75 percent we have to have a tax increase.

Mr. LONG. The point I am making is that the increases in the past have not always been accompanied by tax increases. We have had increases where there have not been tax increases, because there were sufficient finances to cover it.

Mr. BENNETT. And we do that by reducing the trust fund reserve balance. We decided 75 percent was absolutely the rock bottom we could consider, but now we are pushing it down, not below that today, but we are hastening the day when we will.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. BENNETT. I yield.

Mr. LONG. I ask unanimous consent that the yeas and nays be ordered on the first part of the committee amendment.

The PRESIDING OFFICER. Is there objection to the request?

Mr. BENNETT. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President——

Mr. BENNETT. Mr. President, I have the floor.

Mr. HARTKE. I wish to ask a question about this matter. Will the Senator yield?

Mr. BENNETT. I yield.

Mr. HARTKE. Does the Senator know what the anticipated revenue was from the social security tax for this fiscal year?

Mr. BENNETT. I do not have that figure here. Action on this bill has come so fast that I have not had a chance to prepare myself for a complete and detailed discussion of it.

Mr. HARTKE. Is the Senator aware of

the amount of the trust fund collections for fiscal year 1974?

Mr. BENNETT. I do not have those figures. They may be here.

Mr. HARTKE. The reason I ask the question is that I think, as demonstrated, one of the reasons that the budget deficit for fiscal year 1974 is anticipated to be much less than before is the fact that the trust fund account is going to be increased and have a surplus of about $16 billion. Does the Senator disagree with that?

Mr. BENNETT. There is a table here. In a moment or two I will have those figures and be able to answer the question.

Mr. RIBICOFF. Mr. President, will the Senator yield? I may be able to be helpful.

Mr. BENNETT. I am happy to yield to the Senator from Connecticut.

Mr. RIBICOFF. For 1973 the present law would have an income of $53.7 billion. In the committee bill in 1973 the figure would be $53.7 billion, the same amount. The difference comes in in 1974 where under the present law it would be $57.1 billion and the outgo in 1974 would be $59.9 billion.

This would be a one-shot outgo—$2.3 billion. It is a difference of one-tenth of 1 percent, and historically whenever there has been a difference of one-tenth of 1 percent the committee never felt it was necessary to increase social security taxes.

But also I would like to give another figure to my distinguished colleagues. Despite this amount, the assets in the trust fund will continue to rise from $44.3 billion in 1973 to $51.5 billion in 1977. So the outgo from the fund will be up over the present law in 1974 to 1976, but by 1977 the outgo under the present bill will be the same as under the present law, so in no way are we jeopardizing the safety of the fund.

Mr. HARTKE. Mr. President, the point is made very well by the Senator from Connecticut.

Mr. BENNETT. I want to be careful that I do not lose my right to the floor, because this dialog is taking place.

The PRESIDING OFFICER. Does the Senator yield to the Senator from Indiana?

Mr. BENNETT. I yield.

Mr. HARTKE. My point is that I want to ask the Senator from Utah whether, although in effect you are reducing the trust fund, the fact is, as the Senator from Connecticut demonstrated, you do not reduce the trust fund.

The trust fund is reduced only to the extent it would have accumulated more money if you do not accelerate the cost-of-living increase by 5.5 percent effective January 1 instead of the next year.

I wish to ask the Senator from Utah whether he really contends that you are going to have less money than you had anticipated was going to be there when we passed the cost of living, or is it the Senator's contention that we are going to have less money than the account takes in?

Mr. BENNETT. Let me go back. Obviously, if we increase benefits by $3 billion and the income remains on schedule, we will have less money 1 year from now than we would have now. I do not know of anything to change that.

Mr. HARTKE. But the fact is that we have accumulated $16 billion excess in the trust fund over what was anticipated in the 1974 budget. We are going to expend only $1.7 billion additional money, so in reality what happened is that we are overcharging the people who are paying into the trust fund. This has been historically and patently unfair to the wage earners to pay more than is actually expended.

It is due to two factors: One, inflation caused an increase in the amount of deductions for social security, and, second, as the Senator from Louisiana stated, is the fact that there have been far too conservative estimates on the actual revenues being generated by social security taxes.

Mr. BENNETT. The Senator probably did not hear me say that at the end of fiscal year 1974 the trust fund balance would be 89 percent of that year's outlays.

If this goes into effect, the percentage in the fund of actual outlay will be 82 percent. We are dropping 7 percentage points, when we had expected to stay level. We always come to learn that if we do not increase our income, but increase our outlays, we have less money.

Mr. HARTKE. But that is not what is happening. The American people should be told that the social security taxes is producing an excess over the outlay.

Mr. BENNETT. Of course; it was scheduled to be that way, but it was expected that the benefit/payment line would cross sometime in the future. By doing this, we would make it cross earlier, and we would put more of a burden on the present situation, and it is going to make it necessary to increase the tax later.

Mr. HARTKE. We gave a 15-percent increase without increasing the tax on social security. That was done because there had been an overcharge on the employee. The same thing is true today. We are still overcharging the employees in the present generation to pay for the benefits we are giving to them. All we would do by this amendment and by the cost-of-living increase is two things. One is recognizing that the overcharge on the employees was caused by the failure of the analytical experts to come up with a realistic estimate of revenues; second, there was a failure to take into account the sharp increase in inflation, which has made for a bigger pay check but no increase in purchasing power.

Mr. BENNETT. We are talking about the same subject without agreeing on the basic premise, and I see no point in continuing it.

Mr. HARTKE. I agree that we disagree. The question is whether it is based on facts or assumptions.

Mr. BENNETT. The Senator from Utah cannot tell who is using the facts and who is using assumptions.

Mr. President, let me return to my statement.

In addition to the increase in benefit payments, the committee took steps to assure that beneficiaries would not lose their eligibility, because of the increase, for benefits under the aid to families with dependent children program and medicaid and also to assure that benefits under the supplemental security income program will increase commensurately.

The committee acted to blanket in under the supplemental security income program "essential persons," who usually are the spouses—generally under the age of 65—of recipients of assistance to the aged, blind or disabled. Thus, an aged person whose spouse is under 65 and currently is on public assistance would be guaranteed a monthly income equivalent to that of a married couple presently covered under the supplemental security income program. In addition, States would be required to supplement Federal SSI payments by the amount of the social security benefit increase to assure that entitlement payments will not be reduced. To make sure that this adjustment is carried out, Federal matching funds for the Federal medicaid program in 1974 would be denied to the States who refuse to make the supplemental payments. These two provisions I think are desirable, although I believe that they do not belong in this bill.

In another amendment, the committee acted to protect certain individuals against the loss of eligibility for medicaid when the SSI program becomes effective next January or on termination of a savings clause related to last year's 20 percent benefit increase. Those who would be threatened with loss of eligibility include "essential persons," persons in medical institutions, and blind and disabled medically needy persons. The savings clause continues the eligibility for medicaid of persons who go off assistance, because of the benefit increase. These adjustments also are meritorious, but they also are mislocated in this legislation.

The committee acted to repeal section 225 of the Social Security Act that would deny Federal participation in reimbursement for nursing homes to the extent that their costs exceeded 105 percent of the preceding year's payment levels.

The committee extended for 1 more year the basis for allocating funds appropriated for the maternal and child health programs among the States. The action continues to make available 40 percent of the funds on the basis of special project grants and delays application of the provision that would make 90 percent of the total money authorized on a formula basis.

On May 1, 1973, HEW issued regulations with respect to social service programs funded under the Social Security Act, and the regulations are scheduled to go into effect on July 1, 1973. The committee's amendment would delay the effective date of the regulations until January 1, 1974, by which time it is believed Congress will approve legislation that deals with the substantive issues associated with the social service programs.

I believe that these three amendments I have just described should be treated as all the other amendments to the social security programs that I have discussed during the past several minutes. They

should be dealt with in a social security bill. The Senate should not approve them as part of this debt limit bill.

For the information of the Senate, I have been informed that the Parliamentarian of the House has taken the position that these social security amendments are not germane under the rules of the House and that they will have to be taken to a separate vote before the conference committee can consider them as a part of this legislation. This, I think, demonstrates my point that we are dealing with meritorious programs but on the wrong vehicle.

Now, I know why we are dealing with them on this vehicle. This has a deadline. If we do not pass this bill within a week after July 1, the Secretary of the Treasury is going to have to say to those who are expecting Federal checks, "I am very sorry, but I have no money, and I cannot pay."

It always disturbs me to legislate in this atmosphere of holding the credit of the Government hostage to some program which may be desirable. It seems to me this is operating a little like the Mafia and holding a gun to the head of the President and saying, "This is something you cannot veto, so we are going to have fun and put on a lot of things which should not be here. For one reason or another, we want to get them through without taking the risk of full consideration by the Congress on all of the merits of the particular proposals and all the risks we create when we do that."

The committee amendments also deal with a spending ceiling for 1974 and impoundment procedures. The spending ceiling is set at $268.7 billion. This provision gives the President the ceiling at the level he asked for in January, but with larger social security spending than he asked for and under conditions he would prefer not to have. Earlier this year, the Senate twice passed spending limits of $268 billion. The Finance Committee added $700 million to the ceiling, because it has provided in this bill as much as $1.4 billion in additional outlays in fiscal year 1974. The higher ceiling obviously is intended to make it easier for the President to accommodate these mandatory outlays.

However, this section of the bill also instructs the President how to make his adjustments. The limitation is not to apply to the funds available for interest payments, veterans benefits and services, social insurance trust fund payments, public assistance maintenance grants and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries. The remaining budget outlays, about 53 percent of the total, are to be reduced on a pro rata basis among the functional categories described in the budget document.

This returns us to the situation we faced last October, when it became obvious, at least to the Senator from Utah, that we cannot say to the President, "If you are going to make a cut anywhere, you must cut exactly the same in every part of your budget, even after you have excepted a few." A business cannot be run that way. A government cannot be run that way. It is interesting that that idea finally had to be rejected and has now come back, through this particular bill, and it must be rejected again. To find it in a bill that the President cannot veto is, I think, a little bit irresponsible.

It is fine that the Senate indicates to the President how he should adjust priorities while reducing Government spending, if the procedure it provided were feasible. However, there is an element of self-deception in the instruction to apply the reductions on an equal percentage basis among a diverse collection of spending categories. Some of them are as uncontrollable as the exceptions listed in the bill. This is true, for example, of general revenue sharing, farm price supports, various housing payments, the Postal Service, and Federal civilian employee retirement programs. Outlay estimates for these come to about $14 billion. In addition, there is about $45 billion of expected spending that is attributable to outstanding contractual and other obligations for various national defense and civilian programs. It would be just as difficult for the administration to reduce these outlays as it would be with respect to the programs already excluded from the ceiling.

The purpose of the impoundment control procedure is to enable Congress to review impoundments of budget authority made by the executive branch. The Congress, after the review, would have an opportunity to approve or disapprove of each impoundment action, in whole or in part, by a concurrent resolution. Such action would be required only if the impoundment does not conform with the Comptroller General's notion of what constitutes existing law.

Mr. President, I do not believe that we want to let the Comptroller General decide what Congress should or should not do. He is a creature of the Congress, and he should not have veto power over our action. I do not believe this legislation is desirable.

I say this especially since Congress has available and is currently considering a much more desirable alternative. I refer to the procedure for budget control that was recommended in the final report, issued on April 18, by the Joint Study Committee on Budget Control. These recommendations outline a procedure that calls for Congress to establish a budget committee in each House which would review the President's budget recommendations, consider all other recommendations presented to it in public hearing and written communication, and recommend to Congress appropriate totals for budget outlays and allocations within the totals among the major spending categories. The allocations and the action by Congress on the concurrent resolution would provide Congress with the opportunity to establish its own priorities in the budget, if its views differ from those of the President.

It seems to me that the Congress would be much better advised to devote its energies with respect to this area to the proposed budget control procedure and to refine it in such a way that it can become effective as soon as possible. Once it is established, Congress should have little difficulty in governing the level of spending and receipts and making its own statement of national spending priorities. This seems to be the most sensible place to direct congressional energies on this important subject.

At this point, I would like to observe that there are a number of impoundment proposals floating around in various legislative stages. I am a member of another committee which is involved in a conference, because the bill in conference has an impoundment proposal in it. The leaders of the House have their own impoundment proposal, and they will not allow the impoundment proposal that came to the House from the Senate be considered until they have a chance to act on their own measure.

I am surprised and think it was unwise to add another impoundment proposal to the bill. I think that the wisest legislative course that the Senate can take on this bill before us is to strip it of all the committee amendments and pass the bill in the form it came to the Senate from the House of Representatives.

As I said earlier, my information is that the Parliamentarian in the House of Representatives said that he must rule that adding social security amendments to this bill will not be germane, and that they, therefore, cannot be considered by the conference without floor action first.

I realize that there are still other amendments beyond those that the committee adopted which are going to be offered to the bill. There are perhaps 8 or 10 of them. I think they would be less germane than the ones the committee proposed, because I would expect that some of them, at least, would be outside the jurisdiction of the committee.

I have stated my position. We are up against a deadline. I think it is bad legislation to put a gun at the head of the President and say, "Here are a lot of things we want, that you don't want; but because you cannot, apparently, veto this bill, we are going to force you to take legislation that should probably be passed through the normal legislative process—be carefully weighed in hearings, be carefully studied, and then be treated in the area in which it belongs—rather than be used as a device for collecting ransom, if you please, from the country's needs, with the Secretary not being in a position to pay the country's bills after next Saturday night."

I yield the floor.

SUPPORT FOR SOCIAL SECURITY INCREASE

Mr. CHURCH. Mr. President, as chairman of the Senate Committee on Aging, I wish to register my strong support for the 5.6-percent increase in social security benefits.

First, however, I wish to commend the Senator from Louisiana (Mr. LONG) for his leadership in incorporating this urgently needed provision in H.R. 8410.

This action becomes all the more compelling in my judgment, because rising prices have severely eroded the elderly's purchasing power. Inflation has become so critical now that the elderly cannot af-

ford to wait until January 1975—the first effective date for cost-of-living adjustments under existing law.

In the last year alone, the Consumer Price Index has jumped by an alarming 5.6 percent. All age groups have felt the impact in one form or another. But older Americans have been especially hard hit because some of the steepest increases have been in categories which affect them the most.

For example, food costs at home have jumped by 14.5 percent during the past year—and most of that increase has come in recent months. This staggering raise has been especially severe for the elderly because about 27 percent of their income is spent on food, in contrast to approximately 16 percent for all Americans.

Another example would be housing and maintenance repairs which have risen by 6.9 percent in the last year. Here again, older Americans have been especially hard pressed because almost 70 percent own their homes.

During the past few months, the Senate Committee on Aging has conducted hearings on "Future Directions in Social Security" and "Barriers to Health Care for Older Americans." These hearings have also provided powerful and persuasive arguments to justify a social security increase before 1975.

For these reasons, I recently joined the Senator from Connecticut (Mr. RIBICOFF) in sponsoring S. 2025 which would move up the effective date from January 1975 to January 1974 for social security cost-of-living adjustments.

By providing a 5.6-percent increase effective in January 1974, the Senate Finance Committee has incorporated the basic thrust of our proposal. Moreover, under the Finance Committee proposal, it would also be possible for the elderly to receive another cost-of-living adjustment in January 1975. This action is also consistent with the goal of Public Law 92-336, which was to make social security benefits inflation proof for older Americans.

In terms of dollars and cents, this measure would raise average monthly benefits for:

Retired workers from $166 to $176; aged couples from $277 to $293; and elderly widows from $158 to $167.

Additionally, maximum benefits for retired workers would be boosted from $266 to $290 a month. And in the case of an elderly couple, maximum monthly benefits would be increased from $399 to $435.

Moreover, this legislation would remove an estimated 400,000 Americans from the poverty rolls, and without the necessity of resorting to welfare. Of this total, about 300,000 are projected to be age 65 or older.

SUPPLEMENTARY SECURITY INCOME PROGRAM

Mr. President, I am also pleased that the Finance Committee has included a provision to help the low-income elderly.

This measure would raise the income standards under the supplemental security income program, which will replace aid for the aged, blind, and disabled in 1974. Under the Finance Committee proposal, the monthly income standards would be raised from $130 to $140 for elderly single persons, and from $195 to $210 for aged couples.

Without these increases, the effect of the social security raise would be cancelled out for many of the aged poor because their SSI payments would be reduced by the amount of the social security increase.

The Finance Committee's proposal certainly represents a step in the right direction. However, we must be mindful of this basic fact of life: Despite these proposed increases, the income standards under the SSI program will still be below the poverty thresholds.

Consequently, I wish to announce my intention to introduce legislation in the near future to eliminate poverty entirely for the elderly.

Mr. President, I urge the adoption of the Finance Committee amendments to H.R. 8410, and I am hopeful that these measures will be approved by the House.

Mr. EAGLETON. Mr. President, I want to express my support for the package of constructive and responsible amendments added to the debt ceiling bill by the Committee on Finance which are designed to protect the income of social security beneficiaries and supplementary security income recipients.

SOCIAL SECURITY COST-OF-LIVING INCREASE

As a cosponsor of the bill introduced last week by the Senator from Connecticut (Mr. RIBICOFF), I am particularly pleased that the committee has authorized a cost-of-living increase for social security beneficiaries in January 1974.

Under the law passed by Congress last year, annual cost-of-living benefit adjustments are authorized whenever the Consumer Price Index has risen by at least 3 percent during the preceding year. However, this law delays the first such increase until January 1975.

In view of recent increases in the cost of living, I do not believe we should expect social security recipients who live on fixed and, more often than not, inadequate incomes to wait until January 1975 for a benefit adjustment.

Since the beginning of this year, the Consumer Price Index has risen at an annual rate of more than 9 percent. And leading the price increases have been two items which take the largest shares of the budget of the average older person—food and shelter.

If we do not take action to amend this law, not only will the elderly have to wait until January 1975 for an increase, but that increase will not even cover the dramatic price increases that have occurred during the first half of this year.

The amendment in this bill provides for a cost-of-living increase effective January 1, 1974, to cover the increase in the Consumer Price Index between June 1972 and June 1973. It is estimated that this increase will be about 5.6 percent.

With this increase the minimum social security benefit will be raised from $84.50 to $89.30, the average benefit for a retired worker will go from $161 to $170, the average benefit for an aged couple will be increased from $277 to $293, and the average benefit for an aged widow will be raised from $158 to $167.

Social security beneficiaries deserve to have this increase next January, and I commend the committee for the action it has taken.

SUPPLEMENTARY SECURITY INCOME INCREASE

I also support the amendment contained in this bill to increase the initial assistance levels under the program of supplemental security income for the aged, blind, and disabled to become effective next January. Assistance for a single person with no other income would be increased from $130 to $140 per month. Assistance for a couple with no other income would be increased from $195 to $210.

This amendment is important for two reasons. First, an adjustment in SSI assistance levels is necessary if the majority of SSI recipients who also have social security benefits are to benefit from the cost-of-living increase next January.

Second, those SSI recipients who have no other source of income and, therefore are among the most needy of our aged, blind, and disabled citizens also desperately need this increased income to enable them to cope with inflation.

STATE SUPPLEMENTATION

A third amendment to the bill would require all of the States to maintain the assistance levels of their current aged, blind, and disabled public assistance recipients during calendar 1974.

In my testimony before the Senate Finance Committee in February 1972, I urged that legislation establishing the SSI program include a provision "grandfathering" in all current recipients so that no person would suffer a loss of income. At that time I said:

> I believe that no aged, blind, or disabled person who now relies upon public assistance should be subjected to uncertainties and anxieties about what will happen to that assistance either at the time of the transition to the new program or at some time in the future when a state government may change its policy.

Unfortunately, in the last few months many aged, blind, and disabled persons, and others interested in their welfare, have been faced with uncertainties about what actions States would take to supplement the SSI payment.

With the enactment of the provision included in this bill, and with the recent action of the Senate and the anticipated action by the House to restore the eligibility of SSI recipients for food assistance, we will guarantee that many aged, blind, and disabled persons will receive more assistance next year and that no aged, blind, or disabled person will receive less.

In this regard, Mr. President, I can report that the State of Missouri has already taken the action required by this amendment. The legislature recently enacted legislation authorizing such supplementary payments as may be necessary to guarantee that no aged, blind, or disabled person on the public assistance rolls in December 1973 will suffer a reduction in income under SSI. In addition, the legislature has authorized special payments to those SSI recipients who may require domiciliary or practical nursing care in the future.

Missouri has taken this action without any legal requirement that it do so. Moreover, it has taken this action without the guarantee of a single penny of fiscal relief, since supplementary payments made by Missouri are not protected by the "hold harmless" provision of Public Law 92-603.

The supplementary program enacted by the Missouri Legislature has been expected to cost the State approximately the amount it is now spending for assistance to the aged, blind, and disabled. With the increase in SSI payments provided for in this bill, some of that amount will be freed to meet the additional costs to the State for medicaid which will inevitably result from the implementation of the SSI program.

The amendment approved by the committee will require all States to do what Missouri has done voluntarily, and I support that amendment.

SOCIAL SERVICES

Finally, Mr. President, I support the committee amendment which delays the effective date of the new social services regulations until January 1, 1974.

Without this amendment, several programs in Missouri, including social service centers in three St. Louis public housing projects and services for the residents of the St. Louis and Kansas City model cities areas, would be placed in jeopardy on June 30. Summer camping programs for ADC children, in which considerable funds have already been invested, would have to be canceled.

In addition to preventing serious disruption of ongoing programs, this amendment will give the Congress time to consider legislative action that may be necessary to assure that the States can use their respective shares of the $2.5 billion ceiling set by Congress last year to provide a full range of social services to those persons who can derive the most benefit from them.

Mr. HARTKE. Mr. President, over the years I have on several occasions urged the Congress to take the lead in providing well-deserved increases in social security retirement benefits. As a member of the Senate Finance Committee, I have repeatedly proposed benefit increases both in committee and on the floor of the Senate because I believe that every older American has the right to live his life in dignity.

Senior citizens need money for food and clothing and for housing and medical care. The plain fact is that social security benefits today are not adequate to meet those needs. Older people are being forced to live lives of despair and desolation because the Government program which they depended upon—social security—the Government program to which they contributed a large portion of their hard-earned wages—has not provided them with decent retirement benefits.

Mr. President, it is because of my commitment to the well-being of the Nation's older citizens that I am particularly proud of the 5.5-percent increase in social security retirement benefits which is in the bill before us today. Without this increase, senior citizens would have to wait until 1975 to get any relief from the skyrocketing rise in the cost of living.

With the proposal before the Senate today, every person eligible for social security benefits will receive a 5.5-percent increase in his monthly check beginning in January 1974. That means an additional $2¾ billion in social security benefits in 1974 alone—$2¾ billion which older Americans will have to spend on the things they need.

Just as I have pointed out in the past, this increase can be accomplished out of surpluses in the social security trust fund. We do not need to raise the tax rate paid by the current working generation in order to pay for these new benefits to retired workers.

Mr. President, this 5.5-percent increase is a meritorious boost in benefits which will help alleviate the plight faced by millions of older Americans. I do not believe that this increase in benefits will be the last voted by Congress. So long as older Americans continue to live in or near poverty, we will be obliged to raise their social security benefits to achieve economic justice for the elderly. I pledge to continue my fight for the rights of older Americans so that the day may not be distant when the dream of a life of dignity and meaning becomes a reality.

Mr. HELMS. Mr. President, I must regretfully vote against a 5.5 percent increase in social security benefits. Opposing increased social security benefits is not a popular political position to take, but I am convinced that it is the only honest position that I can take. Unfortunately, too much politics has entered into the whole question of social security benefits in the last few years.

With the adoption of the increase in benefits provided in this bill, social security benefits will have increased by 45 percent since January 1, 1970.

I recognize that senior citizens on social security and widows and other dependents receiving social security benefits in many cases needed additional financial assistance, but to a large extent, their social security payments are becoming inadequate because of the erosion in the purchasing power of the dollar created by the inflation which has eaten away at our economy in recent years.

Increasing social security payments does not give the recipient of social security benefits more purchasing power; it merely gives him more money with less value. This increase in social security benefits will result in approximately $1.3 billion in additional funds being spent for social security benefits next year. This additional money will surely fuel the fires of inflationary pressures in our economy, rather than reduce them.

Turning to the other side of the social security coin, there are far more people paying into the social security trust fund than there are beneficiaries being paid from the fund. Social security was, in the beginning, intended to be a sound insurance program with the Government administering it as trustee. There is a duty to provide equitable treatment, not only for those now collecting benefits under social security, but also for those who stand as future beneficiaries of the program. I believe the program was intended to accumulate a reserve equal to the amount necessary for the payment of 1 year's benefits. Following the 20-percent increase in social security benefits enacted by Congress last year, that reserve has dwindled to roughly an 8-month reserve. This increase in benefits will increase the difficulty now being faced in trying to provide a full year's reserves. It is important that reserves be maintained at their full level because revenues received by the fund are vulnerable to any sharp fluctuation in national employment. If this country faced a recession with widespread unemployment, those entitled to benefits under social security would not be reduced, but the amount of social security tax paid into the fund would be severely reduced, thereby threatening the financial soundness of the entire social security system.

Finally, Mr. President, I am not as willing as some of my colleagues apparently are to believe that we can continually increase benefits without having either to increase the rate of social security tax or increase the base on which that tax is assessed. In either case, such an increase would be a most unfair imposition upon the working men and women of America who are paying to support this social security program.

Since social security tax is really a regressive tax imposed on gross taxable income and not on net income, I cannot justify a vote to increase benefits at this time which will surely sow the seeds for yet another increase in the social security withholding tax. I believe that the most forthright and productive thing that I can do for both present and future recipients of social security is to vote here in the Senate to cut back on Federal spending which will reverse the inflationary pressures operating today in our economy.

Mr. LONG. Mr. President, the Watergate hearings will be going on during the remainder of the day, and Senators will be listening to them during this debate. Senators will realize that it is not necessary to debate this amendment at length, since I do not think it will change many votes. Therefore, I suggest that we proceed to vote on the first part of the Committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the first part of the committee amendment, on page 3, line 9, through page 5, line 14. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CLARK), the Senator from Minnesota (Mr. HUMPHREY) are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), is absent because of illness.

I further announce that if present and voting, the Senator from Iowa (Mr. CLARK), the Senator from Minnesota (Mr. HUMPHREY), would each vote "yea."

Mr. GRIFFIN. I announce that the

Senator from Arizona (Mr. GOLDWATER) is detained on official business.

The Senator from Tennessee (Mr. BROCK) and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

The result was announced—yeas 86, nays 7, as follows:

[No. 239 Leg.]

YEAS—86

Abourezk	Fong	Mondale
Aiken	Fulbright	Montoya
Allen	Gravel	Moss
Baker	Griffin	Muskie
Bartlett	Gurney	Nelson
Bayh	Hart	Nunn
Beall	Hartke	Pastore
Bellmon	Haskell	Pearson
Bentsen	Hatfield	Pell
Bible	Hathaway	Percy
Brooke	Hollings	Proxmire
Buckley	Hruska	Randolph
Burdick	Huddleston	Ribicoff
Byrd, Harry F., Jr.	Hughes	Roth
Byrd, Robert C.	Inouye	Saxbe
Cannon	Jackson	Schweiker
Case	Javits	Scott, Pa.
Chiles	Johnston	Scott, Va.
Church	Kennedy	Sparkman
Cook	Long	Stafford
Cotton	Magnuson	Stevens
Cranston	Mansfield	Stevenson
Dole	Mathias	Symington
Domenici	McClellan	Taft
Dominick	McClure	Talmadge
Eagleton	McGee	Tunney
Eastland	McGovern	Weicker
Ervin	McIntyre	Williams
	Metcalf	Young

NAYS—7

Bennett	Hansen	Tower
Curtis	Helms	
Fannin	Thurmond	

NOT VOTING—7

Biden	Goldwater	Stennis
Brock	Humphrey	
Clark	Packwood	

So the first part of the committee amendment, consisting of page 3, line 9, through page 5, line 14, was agreed to.

Mr. MANSFIELD. Mr. President, I am about to propound a unanimous-consent request.

Mr. GRIFFIN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from Montana will suspend until order is restored.

The Senator may proceed.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be 2 hours on the bill, an hour on each amendment, 30 minutes on amendments to amendments, with the times to be equally divided so far as amendments are concerned between the sponsor and the manager of the bill; with the 2 hours on the bill to be under the control of the manager of the bill and the minority leader or whomever he may designate. That is in this unanimous-consent request, if it is agreed to, the distinguished Senator from New York (Mr. JAVITS) be allowed 40 minutes and the manager of the bill 20 minutes, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) to be allowed 1 hour.

Mr. JAVITS. Mr. President, reserving the right to object, I wish to preserve my amendment free of the germaneness rule.

Mr. MANSFIELD. That is understood. I am not asking for it in the usual form.

Mr. CHURCH. Reserving the right to object, I have two amendments I intend to offer to the bill, and I would like to ask whether germaneness is a part——

Mr. LONG. There is no germaneness requirement.

Mr. CHURCH. There is no germaneness. That is not the basis for restricting the amendments.

Mr. JAVITS. I do not quite get that. The distinguished majority leader said that he was asking for it in the usual form.

Mr. MANSFIELD. No. Not in the usual form.

Mr. JAVITS. I beg the Senator's pardon. I understand now.

Mr. TOWER. Mr. President, reserving the right to object, could part of the agreement be that the rule of germaneness apply to any amendments that are filed subsequent to this time, so that those now at the desk would not be caught by the rule but would bear upon any future nongermane amendments being filed?

Mr. HARRY F. BYRD, JR. Mr. President, I would object to that.

Mr. GRIFFIN. Mr. President, reserving the right to object, then would it be possible to have some notice go out that any nongermane amendments that a Senator would intend to offer should be filed at the desk within the next hour, as I would personally, and I think most Senators would, like to have an agreement of some kind in connection with this bill, because it would be useful, but it would also be important that if we are going to agree to vote on an hour certain, we have some idea of what we are agreeing to vote on

Mr. LONG. Mr. President, I would hope we would not have a vote on any tax amendments to the bill, but there are some printed at the desk, so we will have to face them if they are called up. I hope that we will not accept any tax amendments. I will oppose any such tax amendments as are proposed to be added to the bill. But we have to face the fact that it is the right of any Senator to offer any tax amendment to the bill. So, as much as I regret to say it to the Senator, Senators can offer anything to the bill except a constitutional amendment. That is in the rules of the Senate. We cannot deny Senators the right to offer amendments to the bill and to entertain a vote on them. But if there is something a Senator does not want to vote on, I believe the Senator from Michigan knows that he can continue to offer amendments to amendments to amendments, ad infinitum.

Mr. MANSFIELD. I believe this is a reasonable request, the 1 hour.

Mr. GRIFFIN. The reason we are going to have a unanimous-consent agreement here, obviously, is that if anyone objects, we cannot have it and——

Mr. MANSFIELD. I think this is a reasonable suggestion—within 1 hour.

Mr. LONG. If someone wants to file a nongermane amendment he would have to file it within 1 hour; is that not correct?

Mr. MANSFIELD. That is right.

Mr. HARTKE. Mr. President, reserving the right to object, could we have the unanimous-consent request restated?

Mr. MANSFIELD. All right.

The PRESIDING OFFICER (Mr. DOMENICI). Will the Senator suspend? Could we have order in the Senate. The Senate will be in order.

The Senator from Montana may proceed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on the pending business there be a 2-hour limitation on the bill, to be under the control of the distinguished manager of the bill, the Senator from Louisiana (Mr. LONG), and the distinguished minority leader or whomever he may designate; that on all amendments there be a time limitation of 1 hour, to be equally divided between the manager of the bill and the sponsor of the amendment; that on all amendments there be one-half hour, with the same division of the time to occur; that there be 1 hour allocated to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.); that amendments up to 1 hour from now which are not germane will be acceptable within the realm of this——

Mr. BENNETT. Do not forget Senator JAVITS.

Mr. MANSFIELD. Yes, and that the amendment offered by the distinguished Senator from New York (Mr. JAVITS), on that 1 hour limitation, he have 40 minutes and the manager of the bill 20 minutes.

Mr. HARTKE. Mr. President, may I ask, regarding the nongermane amendments, they must be filed within 1 hour and be at the desk by that time—5 minutes after 3?

Mr. MANSFIELD. If this unanimous-consent request is agreed to, yes, at the time of its acceptance.

Mr. CASE. Mr. President, what would be the effect of this on amendments to amendments insofar as germaneness goes?

Mr. MANSFIELD. It would be my belief that it would have to be germane to the amendment pending.

Mr. CASE. Anything to be offered—that if an amendment or substitute for an amendment is to be acceptable, though not germane, it would have to be among those at the desk before the hour expired?

Mr. MANSFIELD. That is correct.

Mr. JAVITS. Mr. President, is it understood, too, that modifications which the mover himself wishes to make to his own amendment may be made within the context of that amendment?

Mr. MANSFIELD. Certainly.

The PRESIDING OFFICER (Mr. DOMENICI). Would the Senator from Montana clarify the situation on committee amendments? Is it intended that there be 1 hour on each divided into three parts?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. TOWER. Mr. President, reserving the right to object, let me point out that all the amendments we now know of would be amendments within the jurisdiction of about half the committees of the Senate. It therefore occurs to me that within the next hour we might get even more unrelated stuff, so that we

might need some time allotted to committee chairmen, or to committee counsel, those affected by this. I wonder whether we could not have the time agreement put into effect after such time or at such time as all the nongermane amendments have been filed?

Mr. MANSFIELD. The Senator is just as much aware as the leadership is of what we are confronted with for the remainder of this week, and maybe next week. I would urge the Senator from Texas to be a little forbearing and give us a chance, if possible, to operate on this basis. A Senator can always move to table anything which he thinks is out of place or is brought up too hurriedly.

Mr. TOWER. I will accede to the leadership's wishes.

Mr. MANSFIELD. I would appreciate it.

Mr. TOWER. But I am concerned that we have a real Christmas tree here.

Mr. GRIFFIN. Mr. President, reserving the right to object, I wonder whether the distinguished majority leader would consider the possibility of having 4 hours on the bill, with the understanding that the minority leader or the committee chairman would allocate from that time to any amendment, if necessary, and that would provide a little bit of a safety valve.

Mr. MANSFIELD. That would be fine. Would the distinguished minority leader consider the possibility of allocating one of those 4 hours to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), so that there would be 3 hours—we have an agreement on that 1 hour anyway——

Mr. GRIFFIN. Well, 3 hours is better than 2 hours.

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. MANSFIELD. Mr. President, I also ask unanimous consent that on nondebatable motions or appeals, there be 20 minutes, to be equally divided, under the usual procedure.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

The Chair would inquire, what was the agreement on the Senator from Michigan's suggestion?

Mr. GRIFFIN. As I understand it, 3 hours on the bill with the time to be equally divided, and that the time, of course, can be allocated in connection with debate on any amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan will state it.

Mr. GRIFFIN. Is the situation now that, with the unanimous-consent request just agreed to, on any nongermane amendments not filed within 1 hour from now, they will not be eligible for consideration; is that correct?

The PRESIDING OFFICER. They would be subject to a point of order.

Mr. GRIFFIN. I thank the Chair.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Pamela Duffy of my staff may have the privilege of the floor during the consideration of the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the second part of the committee amendment. Who yields time?

Mr. HARRY F. BYRD, JR., addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. HARRY F. BYRD, JR. I yield myself 15 minutes.

The PRESIDING OFFICER. On the bill?

Mr. HARRY F. BYRD, JR. I reserved 1 hour under the unanimous-consent agreement. I yield myself 15 minutes of that 1 hour.

Mr. President, once again I rise to express deep concern as to our Nation's financial condition. I realize that a majority of my colleagues do not share my concern. I realize that the executive branch of Government does not share my concern.

Nevertheless, if this inflation is to be brought under control, sooner or later Congress and the executive branch of Government must come to grips with the Government's own financial situation. It is a joint responsibility of the President and Congress.

Congress cannot say to the President, "You take care of it"; and the President cannot say to Congress, "It is up to you, and I am washing my hands of it."

If either group takes that view, we never will solve our problems. Unfortunately, I do not see much evidence that either Congress or the administration is serious about bringing the Government's financial condition under control.

Mr. President, during the 20-year period 1955 through 1974, the Government's Federal funds budget has been balanced only three times. Each of those three times was in the administration of President Eisenhower. The last fiscal year in which the Federal Government had a balanced budget was 1960. Since that time, the Federal funds deficit has varied from a low of $4.1 billion in 1961 to a high of $30 billion in 1971.

The disturbing aspect of these figures is that the deficits in recent years have become larger, not smaller.

During the 5-year period of fiscal 1970 through fiscal 1974, the accumulated Federal funds deficit will be $119 billion.

Let us put that in perspective. That $119 billion is 25 percent of the total national debt.

To state it another way, in the 5-year period ending June 30 of next year, 25 percent of the national debt of this country will have been accumulated during that short period. I think that is cause for alarm.

Speaking of the national debt, the interest cost to the taxpayers is $27.5 billion in the 1974 budget.

To put it another way, 17 cents of every personal and corporate income tax dollar goes for one purpose—to pay the interest on the Government's debt.

Mr. President, when the Secretary of the Treasury, Mr. Shultz, and the Director of the Office of Management and Budget, Mr. Ash, came before the Committee on Finance this past week to testify on this legislation, I put this question to both of them. First, to Mr. Shultz I said:

> Secretary Shultz, do you favor or oppose continued deficit spending on a Federal fund basis?

Secretary Shultz replied:

> Given the facts that we have large surpluses in the trust funds, then I think it would be a mistake to try to balance the budget on the Federal fund basis. What should be done, I think, depends upon the economic circumstances.

Mr. Ash, as the Director of the Office of Management and Budget, likewise stated that he did not favor a balance in the Federal funds budget.

To me, that is quite disturbing. If the chief fiscal officers of our Nation do not favor balancing the Government's budget, then I do not see much hope of a balanced budget being achieved.

I am particularly interested in Secretary Shultz' comment, because he said this:

> Given the fact that we have large surpluses in the trust funds, then I think it would be a mistake to balance the budget on a Federal funds basis.

The trust funds can be used only for a specific purpose. The surplus in the trust fund, now approximately $16 billion, is mainly from the social security taxes, payments made into the Treasury by the wage earners and by the employers for the specific purpose of paying social security benefits to our retired people. So this surplus cannot be used for the general operation of Government.

The only way we achieved a surplus in the trust funds was by Congress and the President, acting together, increasing the social security taxes. That brought about a temporary surplus. Because of that surplus, I supported, a little while ago, the cost-of-living increase for the social security beneficiaries. The money is already in the Treasury. It is already there. More than that, the Secretary of the Treasury says that so long as there is a surplus in the trust funds he does not favor balancing the Government's Federal funds budget.

To me, this latter assertion is very disturbing. We are not going to bring inflation under control until the Government gets its own spending under control. Yet, the highest officials in our Government make clear that they do not want to have a balance in our Federal funds budget.

I disagree with them. They may be right; I may be wrong; but I disagree with them. Both are able, fine men but more theoretical than realistic, it seems to me. What they think they can do is to handle the Government's finances as a spigot of water is turned off and on. Fine tuning, they call it. They themselves recommended an increase of $37 billion in the 2-year period fiscal 1973 and 1974 as compared to fiscal 1972.

Well, we have the highest inflation rate now than we have had in more than 20 years. We have the greatest budget deficits for the 5-year period ending next June 30 that we have ever had in the history of our Nation, with the exception of the 4-year period during World War II when we had 12 million Americans under arms and we were fighting a war in both Europe and in the Pacific.

We are floating in a sea of debt. The only way Congress and the administration will give concern to it is if the people themselves, the wage earners, the people who are suffering most from this inflation demand that we get Government spending under control.

William McChesney Martin one of the ablest financial experts in our country, in my judgment, testified before a subcommittee of the Committee on Finance that the major cause of the inflation we are experiencing today results from the continued huge deficits of the Federal Government. I certainly concur in Mr. Martin's appraisal.

Mr. PERCY. Mr. President, will my distinguished colleague, the Senator from Virginia, yield for a comment at this point?

Mr. HARRY F. BYRD, JR. I am happy to yield to the Senator from Illinois.

Mr. PERCY. I am happy to report to my colleague from Virginia that in questioning this morning, when Dr. Arthur Burns was before a Joint Economic Subcommittee, I put this question to him: In connection with stabilizing the dollar and restoring confidence in the dollar abroad, how important would it to the world banking community and those in this country who are concerned about U.S. fiscal irresponsibility for Congress to invoke rigid procedures by which it would not appropriate moneys in any given fiscal year until it had imposed a ceiling on the budget, and not a ceiling made of rubber or elastic, whereby we must discipline ourselves and live within that budget. Dr. Burns said he could think of nothing more important to strengthen the dollar and restore confidence in the fiscal and monetary policies of this country than for Congress to do that, and it would be even more important for Congress to do that, than to have a ceiling simply imposed by the administration.

In 1968, when Senator John Williams of Delaware was a Member of the Senate we, the Senator from Virginia and the Senator from Illinois, to put a cealing on expenditures which ultimately gave us the first balanced budget in years, and the last since then.

In a Subcommittee on Government Operations chaired by the Senator from Montana (Mr. METCALF), with the Senator from Ohio serving as the ranking Republican (Mr. SAXBE), we are working out a procedure by which Congress can maintain the discipline necessary for a responsible fiscal policy in this country.

I cannot think of anything more important than the reiteration of these principles, of fiscal responsibility which the Senator from Virginia has maintained ever since he has been in public life, to be once again enunciated today.

At long last, $73 billion later, we realize the ruinous effect on the economy, the country, are low, fixed income people, of the kind of irresponsible Federal spending that we in Congress participate in during the past decade or more.

I thank my distinguished colleague for his valued comments.

Mr. HARRY F. BYRD, JR. I thank the Senator from Illinois. He is so right and I am pleased that he brought to the Senate the comments of the Chairman of the Federal Reserve Board, Dr. Arthur Burns.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. HARRY F. BYRD, JR. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HARRY F. BYRD, JR. I think Dr. Burns is a man of unusual ability, a man in whom I have great confidence.

I wish to invite the attention of the Senator from Illinois to one figure he mentioned in connection with the balanced budget in 1969. Of course, he was speaking on a unified basis—namely using trust fund surplus—because the deficit in 1969 on a Federal funds basis was $5.5 billion. But that was reduced from the previous year of $28.4 billion, so it was going in the right direction. Now, unfortunately, we are going precisely in the wrong direction.

The Senator from Illinois mentioned the attitude of the foreign financial community. I have some figures before me showing reserve assets of the United States and also liquid liabilities to foreigners.

I notice that in 2 years and 3 months, from December 31, 1970, to March 31, 1973, our liquid liabilities to foreigners has almost doubled; namely, from $47 billion at the end of 1970, to $91 billion on March 31, 1973. That is another indication of the Government's very seriously deteriorating financial situation.

I put a number of questions to the Budget Director and to the Secretary of the Treasury when they appeared before the Committee on Finance last week. At the appropriate time I will insert in the RECORD some of those statements.

Mr. President, we cannot continue to go into major new programs and not expect to wind up with a smashing deficit. Just last year the administration recommended and Congress approved taking $30 billion over a 5-year period and turning it over to the 50 States and 38,000 different communities, the so-called revenue-sharing proposal. I contended at the time there is no revenue to share. The Federal Government only has deficits.

Just the year before that the administration proposed and the Congress approved a reduction in taxes of $14 billion a year, at a time when we were running a deficit of $30 billion. To me that seemed not too wise. It further accentuated the severe financial situation.

Now, we are coming up with a new program of aid to North Vietnam at a time when we are running a budget deficit of $30 billion. How foolish can we get?

Where is all this going to stop?

I just want to suggest to the housewives of our Nation that when they go to the grocery store to buy groceries, one of the major reasons for the higher prices of these groceries is the continued smashing Government deficits. This huge continued spending by the Federal Government must be paid for in one of two ways or both; either by taking more money out of the pockets of the wage earners or by more inflation, namely higher prices.

And more inflation is an additional tax on the earnings of the people of our country.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. HARRY F. BYRD, JR. I yield myself 2 additional minutes.

Mr. President, at this point I ask unanimous consent to insert in the RECORD some questions which I put to the Secretary of the Treasury, Mr. George Shultz, and to the Director of the Office of Management and Budget, Mr. Roy Ash. Following that, I ask unanimous consent to have inserted in the RECORD three tables which I have prepared, showing the financial condition of the Treasury over a period of time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The CHAIRMAN. Mr. Byrd?

Senator BYRD. Thank you, Mr. Chairman.

Mr. Ash, am I correct in this assertion: the Administration recommended an increase of $18 billion in the federal budget for fiscal year 1973 as compared to 1972?

Mr. ASH. The numbers are approximately $232 billion for fiscal '72 and $250 billion for '73, so that is $18 billion.

Senator BYRD. Am I correct that the Administration recommended an increase of $19 billion for fiscal 1974 versus 1973, namely, from $250 billion to $269 billion?

Mr. ASH. Yes, sir, that is correct.

Senator BYRD. So, if the expenditures are held to those figures, still it represents an increase in spending during that two-year period of $37 billion?

Mr. ASH. An annual spending rate increase, that is certainly right.

Senator BYRD. And that increase, which was recomended by the Bureau of the Budget and by the Administration, the last one represents an increase of, roughly, 8½ percent, I believe?

Mr. ASH. That is about the right percentage number. I might indicate here a matter that was set forth in the budget submitted earlier this year, that we are running at current times under a condition where approximately 75 percent of the federal budget is considered relatively uncontrollable; that is, matters such as Social Security—which we have earlier discussed—and others like that.

So, when one speaks of the Administration's recommendations, I want to make clear that this is not all discretionary type decisions or recommendations and that three-fourths of the amount is pretty well already built in by earlier decisions of the Administration and of the Congress and of legislation itself.

Senator BYRD. Well, without debating that point, the fact that I want to establish—and if I am in error let me know—the fact I want to establish is that athe Administration recommended an increase of $18 billion for ficsal '73 versus 1972, and the Administration recommended an increase of $19 billion for fiscal '74 versus '73.

Mr. ASH. That is correct and, of course, the

question of the Social Security which is involved in the unified budget proposal, let's deal only with what the debt limit is concerned with, namely, the federal funds budget.

Now, first, as I read the figures, for the 20-year period, 1955 through 1974, the federal funds budget has had a surplus only three times during those 20 years and they were the three years of President Eisenhower's Administration. We have not had a balanced budget or anything approaching a balanced budget since 1960.

Now, is this cause for alarm in your judgment?

Mr. ASH. Well, I will first answer and then suggest that Secretary Shultz may also wish to add to it. I think there have been times during the era that you have discussed, where there have been causes for alarm. I have in mind, particularly, those years 1966 through 1969, where not only was there a federal funds deficit of from $54 billion for that four-year period of time but there was, also, a full employment deficit of $43 billion, which, in effect, was a substantial contribution to inflation contributed to by that.

Senator BYRD. I am sorry you brought up the full employment budget. I didn't want to debate that. Could we not stick with the federal funds budget?

If it were not for the deficit in the federal funds budget, you would not be here today.

Mr. ASH. I believe Secretary Shultz's answer was, of course, the federal funds budget is part of the unified budget and contributes to whatever the budget's total is, but, yes, the debt relates to the federal funds budget particularly.

Senator BYRD. That is right. So if it were not a deficit in the federal funds budget, you would not be here today?

Mr. ASH. That is correct.

Senator BYRD. So why don't we, if we could,—and you can answer any way you wish—but if we could, I would like to stick with the federal funds budget.

Mr. ASH. All right, sir, let's do that.

Senator BYRD. Now, since 1960, there has been a deficit in the federal funds budget from a low of $4.1 billion in 1961 to a high of $30 billion in 1971. So there has been a deficit every year since 1961.

My question to you is: Is that cause for alarm?

Mr. ASH. Well, I think that is certainly cause of concern. It is a matter, I am sure, we are giving considerable concern to in the Administration, as well as here. I think it is a cause for alarm only at times when the federal funds deficit is such that it, itself, contributes to inflation and I don't have to make reference to the full employment budget to identify those occasions, but when the federal funds deficit is employed deliberately as a tool to bring the economy up to its full scale of operations, then that is the proper time or proper occasion to encourage federal funds deficit, and that has been, of course, the fact of these last four years.

On the other hand, when the federal funds deficit adds to inflation, then I agree with you that it is a cause for considerable alarm.

Senator BYRD. Do you feel that these recent smashing deficits in the federal funds budget, which the government has been running at, do you feel that is a major cause for the inflation we have today?

Mr. ASH. I think that it is hard to identify all of the causes, but I think if one were to look at the use of the federal funds budget over the years, he would conclude that there has been much less contribution to inflation of the federal funds deficit in the last four years than there was in the four that preceded those. Those were the times where inflation was set loose by a large federal funds deficit.

These last four years, they have contributed much more to the development of our economy to its fullest utilization.

Senator BYRD. Since you brought up the past four years and you also brought up some previous years—and I would want your staff to check these figures—but the way I add them up, during the eight years of the Kennedy-Johnson Administration, the accumulated federal funds deficit was $86.1 billion. Now, during the four years of the present Administration, namely, 1971 through your projections for 1974, the accumulated federal funds deficit will be $105.9 billion compared with the deficit of $86.1 billion for the eight years of the Kennedy-Johnson Administrations.

Mr. ASH. My numbers agree with yours, sir.

Senator BYRD. You do not find that cause for concern?

Mr. ASH. Well, I think that deficits in the federal funds budgets are always matters of concern, but I think it is the circumstances under which those deficits are incurred that most of all must be kept in mind and those circumstances were substantially different in at least the second half of that eight-year period to which you referred, than they were in this most recent four-year period.

So that the numbers, as I see them, cannot be merely compared number to number; they have to each be related to the economic circumstances of the time. And in so relating them, I believe that, as I would see it, there is a greater concern for the second half of that eight-year period that you mentioned than I would have for the most recent four-year period, because of the environment, the economic environment, in which these different sets of deficit numbers were incurred.

Senator BYRD. Well, it is very interesting to get your philosophy. You were not in public life in the 1968 period. You may have been but——

Mr. ASH. No, I wasn't.

Senator BYRD. But I know that many in public life in 1968, particularly those who are part of the present Administration, and the Senator from Virginia, were very critical, entirely critical, of President Johnson's smashing deficit of $28.4 billion in '68. Let me put it this way: I though it was a very shocking and very bad deficit and was leading to the inflation which we experienced. That was exactly the view taken by President Nixon in the campaign of 1968.

Now, we come to the next four years or the four years rather beginning in 1971, where we had a federal funds deficit of $30 billion. In 1972, we had a federal funds deficit of $29.2 billion; in 1973, we had a federal funds deficit or will have at the end of this year of $28 billion and you project next year a federal funds deficit of $19 billion. What I haven't been able to get through my mind—and I guess maybe I am not enough of an economist—or enough of a political partisan—is why it is so terrible to have a $28 billion deficit in 1968 under a Democratic President, but so fine to have $30 billion deficits in the subsequent years under a Republican President.

Mr. ASH. Well, maybe it is necessary we talk in terms of the full employment budget, Senator. I realize your reluctance to do so, but—

Senator BYRD. I have no reluctance to do so. I was just trying to keep out of an unnecessary argument.

Mr. ASH. I find it is a necessary means to explain my views on this particular matter, though. First, I certainly agree with you, Senator Byrd, in your view of '68. I then was a private taxpayer, but was one of those few taxpayers who was actively promoting a tax increase to deal with the issues as they then stood. It was obvious, at least to me, and I am sure to you, Senator, and many others, that that was a very inflationary circumstance and it was essential, as we saw it, to try to dampen the inflationary force that such a deficit had in that area. Unfortunately, it dasn't done. In this particular——

Senator BYRD. My time has expired but identify which years you are talking about?

Mr. ASH. I was talking about 1968, particularly, when this was a substantial contribution to inflation.

When we deal with the current year of '74, I think there is one very interesting matter to consider there and, that is, while it is true there is a federal funds deficit in fiscal '74, I think it is a very significant fact that federal funds transactions with the public in 1974, do have a surplus and——

Senator BYRD. Now, we are getting into another budgetary concept. I thought we were going to get into a new one next year, but apparently we are going to get to that before next year.

Anyway, my time has expired. We will get back to this again.

Secretary Shultz, do you favor or oppose continued deficit spending on a federal fund basis?

Secretary SHULTZ. Given the fact that we have large surpluses in the trust funds, then I think it would be a mistake to try to balance the budget on the federal funds basis, but what should be done, I think, depends upon the economic circumstances.

Senator BYRD. Do you consider the $16 billion surplus in the trust fund as a real surplus?

Secretary SHULTZ. Yes. I think that in judging the impact of the budget on the economy, we have to add all of the things up that the federal government does.

Senator BYRD. I understand that.

Secretary SHULTZ. Whether they are trust funds or otherwise, they must be added and taken into account and then see what the balance amounts to.

Senator BYRD. It is correct, is it not, that the trust funds can be used only for a specific purpose?

Secretary SHULTZ. That is correct.

Senator BYRD. Mr. Ash, do you favor or oppose a balanced budget on the federal funds basis?

Mr. ASH. I would certainly join in Secretary Shultz' statement that a balance coming from federal and trust funds, makes the best economic sense and that it would not be proper to have a balance on the federal funds unless, at the same time, there were simultaneous balance in the trust funds, so that the total unified budget would also be balanced.

Senaor BYRD. I just wanted to establish the thinking of the two high people in our government.

I assume both of you would oppose any legislation which would require a balanced budget on the federal funds basis?

Secretary SHULTZ. Yes, sir. I can imagine circumstances where I would favor a balanced budget on the federal funds basis, that is, if the trust funds were operating at a deficit and the economy weren't operating at capacity, then I think it would be appropriate if we had a kind of circumstance, but it depends, in other words, on the circumstances.

Senator BYRD. Mr. Ash, does the continuing and, in my judgment, the accelerating inflation disturb you?

Mr. ASH. It disturbs me and I am sure it disturbs most everybody in the Administration. This is why actions have been taken and continue to have been considered for dealing with that very problem.

Senator BYRD. How seriously do you view the inflationary spiral, Mr. Secretary?

Secretary SHULTZ. Oh, I think it is a problem of the first magnitude.

Senator BYRD. Do you regard the huge gov-

ernment deficits, as typified by the federal funds budget, as the major cause of the inflation?

Secretary SHULTZ. Well, I think that the large deficits at full employment in the last part of the '60's are what gave it its big boost.

This most recent outburst in the first quarter, I think, has some special characteristics associated with it, but I believe that the tightening of fiscal policy that is now going on is quite appropriate.

Senator BYRD. The federal funds deficit for '71 were $30 billion. The federal funds budget for '72 was $29.2 billion. The federal funds deficit for '73 is $27.9 billion; the federal funds deficit for the upcoming year, as projected by you, is at $18.8 billion. Do you regard that as being inflationary?

Secretary SHULTZ. Well, I think as we have discussed many times, that the federal funds surplus or deficit is not the right concept to use in judging the relationship of the federal budget to problems like economic expansion or inflation and that the unified budget is a more useful concept.

Senator BYRD. Well, is your answer to my question, yes, or no?

Secretary SHULTZ. Well, the answer to your question is that I think that the fiscal thrust provided by the federal government in the last couple of years was appropriate under the circumstances.

Senator BYRD. That really wasn't my question.

What I am trying to ask—

Secretary SHULTZ. But I think if your question is, could we curb inflation for sure by seeing to it that the economy operated with eight percent unemployment; the answer is, yes. You could control inflation that way but we don't want to.

Senator BYRD. That is not my question at all, and you know it is not my question.

I asked what I thought was a reasonable question. My question is, in 1971 we had a $30 billion deficit; in 1972 we had a 29.2 billion deficit; in 1973 we had a $27.9 deficit; and you project a $18.8 billion deficit for the upcoming year.

My question is: Do you regard that as being inflationary?

Secretary SHULTZ. I feel there is little doubt that we would have a lesser rate of inflation today if we had a balance, if we had had a balance in the federal funds budget during those years. I think I should add; I also believe we would have a lot less jobs, a lot less production, a lot less of other things that we want.

Senator BYRD. For the fiscal years 1970 through 1974, the accumulated federal funds deficit will be $119 billion and that is precisely 25 percent of your projected national debt, the total national debt. Now, does the fact that we have accumulated 25 percent of the total national debt in just five years disturb you?

Secretary SHULTZ. I would certainly have preferred that the economy maintain itself on a steady path of growth at full employment, with a balanced budget on the unified basis.

So, in a sense, it hasn't done that; yes, it disturbs me and I wish somehow or other it had been possible to do it otherwise.

However, I think that with the economy operating below capacity, we should have the courage to use federal fiscal policy as a tool in expanding the economy and not be afraid of it.

Senator BYRD. Well, if by that you mean creating huge deficits, you have certainly accomplished that; no question about that...

Senator BYRD. You had a deficit of $28 billion following your own figures; which is to say, that your own recommendations—and not what the Congress did, regardless of what the Congress did—but your own figures, your own budget recommendations projected a federal funds deficit of $28 billion; is that not correct?

Secretary SHULTZ. Correct.

Senator BYRD. And your own budget figures, assuming that Congress doesn't appropriate one dollar more than you advocate, still will mean a deficit of $19 billion in the upcoming year?

Secretary SHULTZ. Correct.

[In billions of dollars]

	Fiscal year—						
	1968	1969	1970	1971	1972	[1] 1973	[1] 1974
RECEIPTS							
Individual income taxes	69.0	87.0	90.0	86.0	95.0	101.0	115.0
Corporate income taxes	29.0	37.0	33.0	27.0	32.0	36.0	40.0
Total	98.0	124.0	123.0	113.0	126.0	137.0	155.0
Excise taxes (excluding highway)	10.0	11.0	10.3	10.5	9.1	11.9	13.2
Estate and gift	3.0	3.5	3.6	3.7	5.2	5.0	5.4
Customs	2.0	2.3	2.4	2.6	3.2	3.2	3.5
Miscellaneous	2.5	3.0	3.4	3.9	3.5	3.9	3.9
Total Federal fund receipts	116.0	143.0	143.0	134.0	149.0	161.0	181.0
Trust funds (social security retirement, highway)	38.0	44.0	51.0	54.0	60.0	71.0	81.0
Total	154.0	188.0	194.0	188.0	209.0	232.0	266.0
EXPENDITURES							
Federal funds	143.0	149.0	156.0	164.0	178.0	189.0	201.0
Trust funds	36.0	36.0	40.0	48.0	54.0	61.0	69.0
Total	179.0	185.0	196.0	212.0	232.0	250.0	269.0
Unified budget: surplus (+) or deficit (−)	−25.0	+3.1	−2.0	−24.0	−23.0	−18.0	−3.0
Federal funds deficit	−27.0	−6.0	−13.0	−30.0	−29.0	−28.0	−19.0

[1] Estimated figures.

Note: Prepared by Senator Harry F. Byrd, Jr. of Virginia.

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1955-74 INCLUSIVE

[Billions of dollars]

	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
1955	58.1	62.3	−4.2	6.4
1956	65.4	63.8	+1.6	6.8
1957	68.8	67.1	+1.7	7.3
1958	66.6	69.7	−3.1	7.8
1959	65.8	77.0	−11.2	7.8
1960	75.7	74.9	+.8	9.5
1961	75.2	79.3	−4.1	9.3
1962	79.7	86.6	−6.9	9.5
1963	83.6	90.1	−6.5	10.3
1964	87.2	95.8	−8.6	11.0
1965	90.9	94.8	−3.9	11.8
1966	101.4	106.5	−5.1	12.6
1967	111.8	126.8	−15.0	14.2
1968	114.7	143.1	−28.4	15.6
1969	143.3	148.8	−5.5	17.7
1970	143.2	156.3	−13.1	20.0
1971	133.7	163.7	−30.0	21.6
1972	148.8	178.0	−29.2	22.5
1973 [1]	160.9	188.8	−27.9	24.2
1974 [1]	181.0	199.8	−18.8	27.5
20-year total	2,055.8	2,273.2	217.4	273.4

[1] Estimated figures.

Source: Office of Management and Budget and Treasury Department.

Note: Prepared by Senator Harry F. Byrd, Jr. of Virginia.

U.S. GOLD HOLDINGS, TOTAL RESERVE ASSETS AND LIQUID LIABILITIES TO FOREIGNERS

[Selected periods in billions of dollars]

	Gold holdings	Total assets	Liquid liabilities
End of World War II	20.1	20.1	6.9
Dec. 31, 1957	22.8	24.8	15.8
Dec. 31, 1970	10.7	14.5	47.0
Dec. 31, 1971	10.2	12.2	67.8
Dec. 31, 1972	10.5	13.2	82.9
Mar. 31, 1973	10.5	12.9	90.9

Note: Prepared by Senator Harry, F. Byrd, Jr., of Virginia, June 1973.

Source: U.S. Treasury Department.

Mr. HARRY F. BYRD, JR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the next portion of the committee amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, this amendment has been explained before. Its major provision would provide slightly more than a cost-of-living increase for those aged, blind, and disabled who will rely upon the supplemental security income program which will entirely replace, in many States, the welfare program for the aged, blind, and disabled, and in the rest of States largely replace it.

Without this amendment, a substantial majority of the more than 5 million aged, blind, and disabled people, receiving SSI payments, those who are also social security beneficiaries, would find their SSI check reduced by the same amount by which they would receive an increase in their social security income. That is, for every dollar of increase they would receive in social security, there would be a reduction in their supplemental security income.

I am sure no one intends that sort of result.

There is another committee provision that is just as compelling, the one protecting the so-called essential persons, who, for the most part, are wives below the age of 65 whose husbands over 65 are welfare recipients. These couples would

actually have a cut in their income, come January 1, unless we enact this provision to correct the oversight that existed in H.R. 1.

A similar oversight exists with regard to those medically needy persons who are currently regarded as being disabled under State programs, but who will not be regarded as being disabled under the definitions in the Federal program, and who will thus lose their medicaid eligibility when the Federal SSI program come next January displaces the State program of aid to the aged, blind, and disabled.

To correct two important oversights in H.R. 1, as well as to insure that the beneficiaries of the Federal substitute for the State welfare program, the SSI program, would share in the social security cost-of-living increase, it is necessary that this part of the committee amendment be agreed to.

I am prepared to yield back the remainder of my time.

Mr. BENNETT. Mr. President, I shall take just a moment. I agree with the need for this legislation, and I think the solution worked out by the committee is a good one, but I do not think this is the proper place to consider it.

For that reason, and that reason only, I shall vote against it, but I have no objection to getting to the vote, and I shall be glad to yield back the remainder of my time.

Mr. KENNEDY. Mr. President, I would like to commend the Finance Committee for the actions it has taken in this bill in the area of health.

The bill extends project grant authority under title V of the Social Security Act to fund maternal and child health services. Were it not for this provision, funds formerly awarded to individual projects for health services to mothers and children would be divided among the States on a basis of formula. This allocation process would result in many States receiving drastically fewer funds for the support of these services than they have received in the past. These States that would suffer reductions are those which have worked the hardest to implement projects in maternal and child health care. This bill extends the project authority until June 30, 1974, and modifies the formula that would be used to allocate the funds to the States commencing on that date to assure that no State, nor any of the individual health services projects involved is set back in their program by this allocation process.

This bill also makes changes in eligibility requirements under the medicaid program to assure that some spouses of aged, blind, or disabled Americans, or persons who are ineligible for cash assistance because they are inpatient institutions, and others continue to be eligible when the Federal supplemental security income program goes into effect in January of 1974. I congratulate the committee for their concern for these Americans who otherwise would have been lost in one of the gaps in our complex health and welfare programs, and suffered great personal loss as a result.

Finally, I am pleased that the committee has seen fit to repeal section 225 of Public Law 92-603, which would have limited Federal reimbursements to nursing homes to 105 percent of the prior year's level of payment. While the intent of this limitation was well meaning, its application to nursing homes alone during the current period of rapid inflation would have been inequitable and discriminatory. I support therefore the repeal of this limitation.

All of these items in the area of health are essential and urgent matters. I commend the Committee on Finance for including them as part of the debt limit bill.

Mr. PERCY. Mr. President, as chief cosponsor of S. 1543, I take this opportunity to commend the Finance Committee, especially Senator LONG, the committee chairman, and Senator MONDALE, the sponsor of S. 1543, for their fine efforts to incorporate in the bill an extension of the title V, social security maternal and child health project grant authority.

Although I have elaborated on the effectiveness and worth of these maternal and child health programs in my earlier statement when Senator MONDALE and I first introduced S. 1543, I would like to quote, at this time, from a comment made by Dr. Arthur Lesser, former Director of the Maternal Health and Child Care program at the Department of Health, Education, and Welfare, during a recent Nutrition Committee hearing on maternal, fetal, and infant nutrition. When asked to comment on how effective title V programs have been, Dr. Lesser replied:

> These programs have been effective in the reduction of infant mortality, particularly among low income infants. We see, in the last few years, for the first time, the beginning of the narrowing of the gap between the infant mortality of white infants and of black infants.

The extension of the project grant authority means that we will be able to continue the progress that we have made in maternal and child health. In Illinois, the extension means that the State will not lose 42 percent or $3.5 million of its maternal and child health funds. More important, it means that more than 180,000 pregnant mothers, infants, and children in Illinois will continue to receive proper care.

I firmly believe that this investment in maternal and child health is a worthwhile and necessary use of our resources. Let me again quote from testimony received by the Nutrition Committee during its recent hearings on maternal, fetal, and infant nutrition. Dr. Myron Winick, director of the Institute of Human Nutrition, Columbia University College of Physicians, testified:

> This problem (maternal and child health) is potentially more important than cancer or heart disease for it affects the quality of life from the cradle to the grave.

Mr. MATHIAS. Mr. President, I commend the distinguished chairman and the members of the Senate Finance Committee for approving a provision to the debt ceiling bill which will extend the authorization for project grants for the maternal and child health program until June 30, 1974. I intend to support this amendment today because it meets the purpose of S. 1543 which I cosponsored in April. But more importantly, the need for the extension of such special projects should be obvious.

The transition to formula grants on July 1, 1973, if we fail to pass this amendment, will adversely affect the ability of many States, including Maryland, to maintain the existing activities because of the sharp curtailment of Federal resources. In Baltimore, such substantial reduction may well force hundreds of pregnant women, mothers, and children to become dependent again on overcrowded emergency rooms and understaffed outpatient departments of city hospitals.

Wipe out these programs in Baltimore and we are back to the days of women delivering at the local hospitals who have had no prenatal care. Wipe out these programs and we are back to the days of thousands of newborn infants, preschool children and school-age youngsters from poor families who are left at the mercy of fragmented, episodic, and haphazard medical care. Wipe out these programs, and we can predict that the downward trend now apparent in the infant mortality rate, prematurity rate, hospitalization rate of preventive illnesses, mental retardation, and just about any other index of health the Congress would care to examine will sharply rise again in the poor communities.

There is no question about the cost effectiveness of these programs. As a matter of fact, Mr. President, this amendment will not even increase the President's budget. This amendment will, however, accomplish the followng:

First, no State would be eligible for less funds after June 30, 1974, than the total amount allocated to a State in formula and project grants in fiscal year 1973, and, second, that States would be required to make appropriate arrangements for the continuation of services to the population in areas previously served under project grants. Under a special provision, in fiscal year 1974 a State would be authorized the greater of the total of fiscal year 1973 project and formula grants or the sum such State would have otherwise been entitled to if the project grants had not been extended during fiscal year 1974.

Mr. President, I urge all of my colleagues to support this amendment.

Mr. MONDALE. Mr. President, I would like at this time to urge my colleagues to adopt the Finance Committee's amendment to extend the authority of special projects for maternal and child health under title V of the Social Security Act.

In 1965, President Johnson's health message to the Congress expressed concern over the "great and growing need among our children for better health services." High priority was placed on meeting these needs and title V of the Social Security Act was modified so that special project grants would be made available for health services for children of school and preschool age, particularly in areas with concentrations of low-income families.

In 1967 Congress again reorganized title V of the Social Security Act to first, provide for formula grants to States for

support of maternal and child health and crippled children's programs, and second, provide authority for special project grants whereby maternal and infant care and children and youth projects might be expanded and further supported.

The idea was to attack the problem on two fronts. First, general support in the form of formula grants was to be available to all States with a plan to meet maternal and child health needs. Beyond that, special project grants were to make it possible to direct additional financial resources to geographic areas where the needs were concentrated.

Throughout their history these special projects have had profound impact upon the populations they serve. They have led to a more effective and efficient utilization of health manpower; to more effective health services in the communities they serve; and to improved working relationships between health care programs which had traditionally failed to coordinate their activities.

Maternal and infant care projects have significantly contributed to the reduction of infant mortality. In Providence, Rhode Island, for example, the project area showed a reduction of infant mortality from 47.4 percent per 1 thousand live births in 1966 to 25.2 percent per 1 thousand in 1970.

Children and youth projects have provided preventive and comprehensive service contributing to education in the rate and duration of hospitalization. There has been a 50 percent decrease in the number of children served by the projects who need costly hospitalization.

Intensive care for newborn babies under this program has also had a profound impact. At the University of Tennesses, for example, the project reported a 25-percent reduction in mortality of premature babies in the first year of its operation.

In short, these health care projects not only produce new ideas but have been powerfully instrumental in bringing comprehensive health care of high quality to substantial numbers of mothers and children across the country. The projects did not replace former programs but instead were designed to serve a dire medical need and to fill a disastrous void in health care services for various populations.

Hundreds of thousands of women and children are receiving continuous and comprehensive care which otherwise would not be available. An invaluable service is being rendered and will cease June 30 if Congress does not act now.

For these reasons I urge my colleagues to vote for the extension provided by the Finance Committee amendment.

I ask unanimous consent to place in the RECORD at this time two letters indicating the support of these programs by the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, and the American Medical Association.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN ACADEMY OF PEDIATRICS,
Evanston, Ill., June 18, 1973.

Hon. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: S. 1543 provides a two year extension of the Special Project Grants under Title V of the Social Security Act (Maternal and Child Health). The American Academy of Pediatrics, gravely concerned over the general state of inadequate preparation for the transition from project grants to formula grants and the indications that existing projects are being closed and/or very significantly reduced in scope of services, wishes to commend S. 1543 (Mondale bill) for favorable consideration by the Finance Committee.

During the 92nd Congress, the Academy had recommended a five year extension of the Special Project Grants. A one year extension was granted, primarily at the exhortation of the Administration in order that it might review maternal and child health activities along with other health programs so that definitive recommendations could be made for future action. In March of this year representatives of the pediatric community met with White House officials to discuss the very serious problems being encountered with the proposed project expiration. Assurances were granted that alternatives would be sought to provide that projects would neither close nor be significantly reduced. Alternatives have not yet been proposed and in consequence thereof, thousands of pregnant women and young children face the termination of health care services within the next two weeks.

Existing programs will not be able to rely upon payments by recipients or third party reimbursement. Those covered by Medicaid receive many services not covered by Title XIX, which may only pay for inpatient care of some children. The recent (May 2, 1973) GAO report on "Implementation of a Policy of Self-Support by Neighborhood Health Centers" prepared for the Senate Labor and Public Welfare Committee discusses the numerous difficulties health projects encounter. Medically indigent families may be covered by neither Title XIX nor private insurance. Private insurance does not generally contain benefits which include payment for preventive, nutritional, health education and other such services provided by projects.

The Comptroller General's report to the Ways and Means Committee on Maternal and Child Health Programs (June 23, 1972) recommended that HEW should, among other things, consider a revision in the formula for distribution of Title V funds among states, to lessen the immediate impact of large reductions in funds on states having concentrations of low-income families. Proposals for revision have not been forthcoming.

Many states which appear to benefit by receiving a greater proportion of formula funds face serious difficulty in their ability to generate the required increase in state matching for Fund "A" monies. States have other pressing needs for money in maternal and child health programs, particularly in the Crippled Children's Program that has been operating under most difficult conditions during the past several years. Appended are notes on the impact of shortages of funds in many state Crippled Children's Programs which intensifies Title V inadequacies.

But, Title V Programs are effective. Maternity and Infant Care Projects have contributed to the reduction of infant mortality, the significance of which is appreciated when areas of large cities served by projects are compared to the remainder of the community. Children and Youth Projects have provided preventive and comprehensive services with a resultant 50 percent decrease in the number of children served by the projects who need costly hospitalization. The project cost data are impressive too. Whereas the average annual cost per child in these projects was $201.26 in 1968, it was reduced to $149.82 in 1970. This compares most favorably to information from a recent survey of Title XIX in 16 states covering over 2.5 million children wherein it was reported that the annual cost per child is $301.

The projects represent health care resources which have been established in areas of dire medical need, yet the services of several hundred medical, nursing and allied health personnel in these areas will be terminated in the next two weeks. It is not proposed that these projects be extended indefinitely but rather that they be extended for one or two years so that the medical community and the Administration may propose for consideration by the Congress necessary modifications to Title V. Every effort should be made to maintain the existence of established health care resources now in areas of greatest need so that they are not dismantled only to be re-established with great difficulty when national health insurance is adopted.

The American Academy of Pediatrics with the cooperation of other medical and public health organizations, is developing a report on maternal and child health. Rather than address exclusively the formula versus project issue, it is anticipated that a wide range of options and alternatives will be proposed so that maternal and child health might become a greater national priority. It is anticipated that these recommendations with background information will be available in January 1974.

The United States now needs a clear public policy which recognizes the special needs of mothers and children and the unique benefit to be appreciated from an investment in this segment of our population. Most programs and initiatives now existing are due to the interest of the Senate Finance and House Ways and Means Committee and support of the members of Congress. It is the sincere desire of the American Academy of Pediatrics to constructively assist you in further efforts. An extension is now sought (S. 1543) so that the Congress might consider recommendations from the medical community in revising Title V and our national maternal and child health programs in the coming months.

Sincerely yours,
ROBERT M. HEAVENRICH, M.D., *President.*

AMERICAN MEDICAL ASSOCIATION,
Chicago, Ill., May 21, 1973.

The Honorable RUSSELL B. LONG,
Chairman, Committee on Finance, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR LONG: The American Academy of Pediatrics, the American College of Obstetrician and Gynecologists, and the American Medical Association join in this letter to place emphasis upon the need for early consideration of legislation to extend federal support for expiring programs under Title V of the Social Security Act. S. 1543, pending before your Committee, provides for a two-year extension.

Title V provides for certain project grant programs, in addition to formula grants, for maternal and child health and crippled children's services. Under present law the project grants authorization will expire on June 30, 1973. While it is intended that the portion of the funds previously allocated for special project grants would, as of July 1, 1973, be included in the formula grant, we believe that this shifting of fund support is premature and is not in the best interest of achieving maximum program results. In our opin-

ion additional time is needed so that states will have sufficient time to provide for the orderly transition of the special projects management under formula assistance.

Formula grant programs are the major sources of care for mothers and children who do not have access to private care for preventive services and treatment of sickness. The project grants provide health services to mothers and infants (M & I Projects) and to children and youth (C & Y Projects). The maternal and infant care projects now in operation have substantially reduced infant mortality rates in areas where they have traditionally been highest by providing early and comprehensive medical care to high risk women and follow-up treatment for mothers and infants. In addition, the children and youth programs have provided preventive health services, diagnosis, treatment, and after-care, as well as early identification of defects which are correctable.

Our organizations place a high priority on these programs, which provide for improvement of health care of mothers, infants, and children for whom such services would not otherwise be available. The expiring programs have been instrumental in improving the quality of life for countless numbers of individuals.

Existing programs must be continued if we are to meet the health needs of mothers and infants, and our children and youth. Ongoing programs should not be placed in jeopardy. Communities which are endeavoring to create new maternal and child health programs, or to expand existing programs, should be encouraged to do so. Early Congressional support for these programs is vital to continuation and expansion of the programs. This is necessary if the programs are to achieve their potential. Failure to do so would invite discouragement and frustration for those dedicated individuals involved in these programs. More importantly, a failure to express strong support can result in curtailment of necessary health services.

We appreciate the past consideration of your Committee in providing for the maternal and child health programs. In particular we acknowledge the concern which has made possible these special project grants under Title V. An extension of this authority for special project grants is needed. We urge that you act favorably on legislation specifically providing for the continuation of these project activities.

Sincerely,
AMERICAN ACADEMY OF PEDIATRICS,
ROBERT G. FRAZIER, M.D.,
Executive Director.
AMERICAN COLLEGE OF OBSTETRICIANS AND GYNECOLOGISTS,
MICHAEL NEWTON, M.D.,
Director.
AMERICAN MEDICAL ASSOCIATION
ERNEST B. HOWARD, M.D.
Executive Vice President.

The PRESIDING OFFICER. The question is on agreeing to part two of the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES) is necessarily absent.

I further announce that the Senator from Iowa (Mr. CLARK), and the Senator from Delaware (Mr. BIDEN), are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE) is detained on official business.

The Senator from Tennessee (Mr. BROCK) is necessarily absent.

The result was announced—yeas 84, nays 10, as follows:

[No. 240 Leg.]

YEAS—84

Abourezk	Gravel	Moss
Aiken	Gurney	Muskie
Allen	Hart	Nelson
Baker	Hartke	Nunn
Bartlett	Haskell	Packwood
Bayh	Hatfield	Pastore
Beall	Hathaway	Pearson
Bellmon	Helms	Pell
Bentsen	Hollings	Percy
Bible	Hruska	Proxmire
Burdick	Huddleston	Randolph
Byrd, Harry F., Jr.	Hughes	Ribicoff
Byrd, Robert C.	Humphrey	Roth
Cannon	Inouye	Saxbe
Case	Jackson	Schweiker
Church	Javits	Scott, Pa.
Cook	Johnston	Scott, Va.
Cotton	Kennedy	Sparkman
Cranston	Long	Stafford
Dole	Magnuson	Stevens
Domenici	Mansfield	Stevenson
Dominick	Mathias	Symington
Eagleton	McClellan	Taft
Eastland	McGee	Talmadge
Ervin	McGovern	Tunney
Fong	McIntyre	Weicker
Fulbright	Metcalf	Williams
	Mondale	Young
	Montoya	

NAYS—10

Bennett	Goldwater	Thurmond
Buckley	Griffin	Tower
Curtis	Hansen	
Fannin	McClure	

NOT VOTING—6

Biden	Brooke	Clark
Brock	Chiles	Stennis

So the second part of the committee amendment was agreed to.

Mr. LONG. Mr. President, I take it that the third part of the committee amendment is now before the Senate under the unanimous consent agreement.

The PRESIDING OFFICER. The question is on the third part of the committee amendment.

Mr. LONG. Mr. President, this part of the amendment provides for a 6-month delay in the regulations concerning social services put out by the Department of Health, Education, and Welfare.

The PRESIDING OFFICER. Can we have order in the Senate, please.

The Senator from Louisiana may proceed.

Mr. LONG. Mr. President, last year we limited Federal social services expenditures to $2.5 billion. I am confident that the Senate and the Congress really intended that the States should have an opportunity to use the $2.5 billion we made available to them for this purpose. But the regulations agreed upon between the Office of Management and Budget and the Department of Health, Education, and Welfare would reduce the amount of services to the poor in the 50 States by at least $1 billion and maybe a lot more than that.

As far as I can determine, Mr. President, there is not one State in the 50 States that agreed to those regulations. In the committee the vote that this matter should be postponed for 6 months was virtually unanimous.

I am sure that every Senator would agree if he reads the examples I set forth in the RECORD yesterday of some of the rather ridiculous regulations. He would agree that these regulations should be postponed until January 1 so that the Congress would have an opportunity decide what kind of legislative it wants to write in this area.

I am confident, Mr. President, that we in the Congress can provide a far better answer than the Department of Health, Education, and Welfare would provide.

In view of the fact that we could expect that the department would recommend a veto on this item, it would be well to have on the record a vote so that the department could recognize the enormous support that exists in the entire country and in the Congress for this part of the committee amendment.

For that reason, I think it is important that we have a rollcall vote on this measure.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. PACKWOOD. Mr. President, I join with the Senator from Louisiana in what he has had to say about these regulations and the amendment the Committee on Finance has added to the public debt limit extension bill to delay until January 1, 1974, the implementation of regulations or social services programs. These new regulations which were issued by the Department of Health, Education, and Welfare on May 1, are scheduled to go into effect next week. If allowed to become effective, the regulations will seriously damage many existing social services programs which constitute the primary aspect of our welfare policy which is clearly focused on helping the poor to get themselves off welfare or to avoid it in the first place. They will thwart what the States hope to provide and what Congress intended they receive.

Some of the statements which have been made in connection with the issuance of these new regulations indicate that HEW sees a justification for the proposed regulations in the action taken by Congress last year in placing a $2.5 billion limit on Federal funding for social services and in placing emphasis on certain priority services and restrictions on the extent to which services may be provided to persons who are not recipients of cash public assistance grants. I do not, however, believe that any reasonable review of the history and content of that 1972 legislation will support the Department's position that its new regulations are consistent with, mucl. less required by, the intent of Congress. Mr. President. I ask unanimous consent to include at this point in the RECORD the relevant portion of Public Law 92-512, the Revenue Sharing Act.

There being no objection, the material is ordered to be printed in the RECORD, as follows:

TITLE III—LIMITATION ON GRANTS FOR SOCIAL SERVICES UNDER PUBLIC ASSISTANCE PROGRAMS

SEC. 301. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

"SEC. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 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 all of such sections) 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, but 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 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 State plans approved under titles I, X, XIV, XVI, or 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."

(b) Sections 3(a)(4)(E), 403(a)(3)(D), 1003(a)(3)(E), 1403(a)(3)(E), and 1603(a)(4)(E) of such Act are amended by striking out "subject to limitations" and inserting in lieu thereof "under conditions which shall be".

(c) Section 403(a)(5) of such Act is amended to read as follows:

"(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."

(d) Sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a), of such Act are amended, in the matter preceding paragraph (1) of each such section, by striking out "shall pay" and inserting in lieu thereof "shall (subject to section 1130) pay".

(e) The amendments made by this section (other than by subsection (b)) shall be effective July 1, 1972, and the amendments made by subsection (b) shall be effective January 1, 1973.

Mr. PACKWOOD. Mr. President, it is true that Congress was concerned—and rightly so—with the rapid escalation of Federal funding requirements under this program last year. In November of 1971, the States had estimated their fiscal 1973 needs at about $1.3 billion and this was the amount requested in the 1973 Federal budget. By early 1972, this had increased to something over $2 billion, and unofficial estimates in mid-1972 projected new uses of the program which could bring the total Federal funding to nearly $5 billion for fiscal 1973. No matter how worthy or desirable the programs involved, it would be irresponsible for Congress to allow a situation to continue in which, without any measure of Congressional review or control, the Federal Government was being obligated to make enormous additional expenditures not even hinted at in the original budget requests. And I stress the words, "without any review or control." It is therefore not surprising that we took the action we did in placing a $2.5 billion limit on Federal funding available for social services as of fiscal year 1973.

It is, however, absolutely wrong to read into that action by the Congress a repudiation of the basic concept of social services or a mandate for cutting back service programs. Quite the opposite is true. The 1972 revenue sharing legislation did not make any basic change in the program content of the social services provisions of the law, but merely placed a dollar limitation on the funding available for the program and established, in view of the newly limited funding, certain formulas for allocating the funding among the States. Additionally, as I mentioned, that legislation listed five priorty services for low income individuals not on welfare but likely to be so in the absence of services.

It is important to note that the dollar limit chosen, $2.5 billion per year, did not represent a fiscal cutback but rather a commitment to continue the allocation of Federal funds for social services at the on-going level. It was a cutback only in the sense that it halted ambitious expansion plans and shift-overs of existing State financed programs to 75 percent Federal matching, which together would apparently have doubled the level of funding required by on-going programs. Except as a result of the allocation formulas, which had a cut-back effect in a few States, it did not reduce current program levels, and in fact allowed at least some continued growth in most States.

It is a little difficult to understand how a congressional action which specifically attempted—within the limits of what could equitably be accomplished—to maintain the then existing allocation of Federal funding for services could be used to justify regulations which are so severe that many State welfare directors believe that scarcely half the available funds can be used.

The greatest problem with the new regulations is, I think, in the area of what are called preventive services, that is, services which do not go only to welfare recipients but which are intended to prevent people from having to go on welfare.

The law we passed last year limiting to $2.5 billion the Federal funding for services also included a provision under which at least 90 percent of the Federal funds for services in each State would have to be used for actual welfare recipients except that this restriction would not apply to five specifically exempted priority services: child care, family planning, mental retardation, drug abuse and alcoholism treatment, and foster care. The Department of HEW cites this so-called 90–10 limit as an indication of congressional intent that social services should be concentrated on actual welfare recipients. This is not just oversimplification, it is oversimplification to the point of virtually complete distortion.

When Congress passes a law which contains a rule and certain exceptions, an accurate assessment of congressional intent must take into account both elements. In issuing its new regulations, the Department of Health, Education, and Welfare in concentrating on the implications of the 90–10 rule, has totally ignored the implications of the exceptions to that rule, and thereby has almost totally missed the point of the legislation.

In specifically exempting five types of services from the limit, the law first of all and most obviously indicates an intent to give those particular services a distinct priority. But more than that, it shows a conviction on the part of Congress that for certain types of services welfare status is not a logical eligibility criterion. This would be the case, for example, with services to the mentally retarded.

Similarly, the exception from the limitation for services such as family planning and child care indicates a clear legislative judgment that these services are so essential in allowing people to remain self-sufficient and off welfare that any rational welfare policy demands that they not be arbitrarily limited primarily to those already on welfare. In this regard, I ask unanimous consent to print at this point relevant sections of

the Senate Finance Committee report on H.R. 1 (S. Rept. 92-1230) and Public Law 92-603, the enacted version of H.R. 1.

There being no objection, the material is ordered to be printed in the RECORD, as follows:

FAMILY PLANNING

(Sec. 299E of the bill)

PROBLEM

Though Federal law and policy permit and encourage States to extend services to low income families likely to become welfare recipients as well as families already on welfare, most States have not taken advantage of this opportunity.

The progress which has been made under the 1967 Amendments has not met the committee's expectations. The annual report by the Department of Health, Education, and Welfare covering family planning services includes information which makes clear that the mandate of the Congress that *all* appropriate AFDC recipients be provided family planning services has not been fulfilled.

FINANCE COMMITTEE AMENDMENT

The committee amended the House bill to atuhorize 100 percent Federal funding for the costs of family planning services. The Committee amendment would also require States to make available on a voluntary and confidential basis such counseling, services, and supplies, directly and/or on a contract basis with family planning organizations throughout the State, to present, former or likely recipients who are of child-bearing age desiring such services. The amendment would also reduce the Federal share of AFDC funds by 2 percent, beginning in fiscal year 1974, if a State in the prior year fails to inform the adults in AFDC families and on workfare of the availability of family planning services and/or if the State fails to actually provide or arrange for such services for persons desiring to receive them.

FAMILY PLANNING SERVICES

(Sec. 299E of the bill)

The committee bill provides for an increase in Federal funding of family planning services for present and former welfare recipients of child-bearing age and also for those persons likely to become recipients in the absence of such services by authorizing 100 percent Federal funding for State family planning programs, including both information counseling and the provision of medical and social services.

The committee believes that its amendment will give impetus to the availability and provision of family planning services in the States. A beginning was made in 1967, when provisions were included in the social security amendments which required that family planning services be offered on a voluntary basis, to all appropriate AFDC recipients, and authorized 75 percent Federal matching funds for this purpose. In addition the same matching was made available to the States on an optional basis for services for former or potential recipients of welfare.

The progress which has been made under the 1967 amendments, however, has not met the committee's expectations. The annual report by the Department of Health, Education, and Welfare covering family planning services includes information which makes clear that the mandate of the Congress that all appropriate AFDC recipients be provided family planning services has not been fulfilled. The report states:

"Many problems, of course, remain. Medical services [family planning] still are too limited, especially in rural areas but frequently in large urban areas as well. Replying to the question whether medical family planning programs currently available are adequate to meet the needs of eligible clients, 36 State welfare agencies answered in the negative in March, 1970. Thirty-one cited geographic inaccessibility as a major problem. Many reported a shortage of health professionals and paraprofessionals and some reported that existing facilities are overcrowded. Even in the Nations' principal counties and cities where clinics are more likely to be found than in less populous sections, 50 out of 106 local welfare agencies reported that currently available medical planning programs are inadequate.

"Looking at their own capability of providing family planning services, many State and local welfare agencies report a shortage of staff to provide services and to arrange for adequate follow-up. Trtaining programs for staff have not been mounted on the scale required. Although Federal funds may be used to match $3 for every $1 spent from State funds for services, time and again agencies emphasize the difficulty of raising the 25 percent share at State and local levels. Generally, no special funds have been made available to develop family planning services, as indicated, for example, by the general absence of full-time staff leadership for this program. Expectations among some groups that title IV funds would be available to reach substantial numbers of low-income families not currently receiving welfare have not been realized. . . ."

Evidence indicates the situation is not significantly improved today.

The committee is persuaded that the 75 percent Federal matching percentage, although a major step in promoting family planning services, has not been sufficient to achieve the aims of the Congress. By providing 100 percent Federal funding, the committee bill will remove any existing financial barrier to the availability of family planning counseling and services to those desiring those services.

The committee amendment would authorize States to make available on a voluntary and confidential basis family planning counseling, services and supplies, directly and/or on a contract basis with family planning organizations (such as Planned Parenthood clinics and Neighborhood Health Centers) throughout the State, to present, former, or potential recipients including any eligible medically needy individuals who are of child-bearing age and who desire such services.

In addition to the provision of counseling, services and supplies designed to aid those who voluntarily choose not to risk an initial pregnancy, emphasis would be placed upon assisting those families with children who desire to control family size in order to enhance their capacity and ability to seek employment and better meet family needs.

The Secretary would be required to work with the States to assure that particular effort is made in the provision of family planning services to minors (and non-minors) who have never had children but who can be considered to be sexually active; for example, persons who have contracted venereal diseases, etc.

The Secretary would also be required to work with States to assure maximum utilization of persons participating in the Work Incentive Program as family planning aides and to perform related jobs.

In order to assure that States do in fact inform welfare recipients and other eligible persons of the availability of family planning services, and that those who so desire receive the necessary medical and counseling services the amendment would reduce the Federal share of AFDC funds by 2 percent, beginning with calendar year 1974, if a State in the prior year fails to inform at least 95 percent of the adults in AFDC families and on workfare of the availability of family planning services and/or if the State fails to actually provide or arrange for such services for 100 percent of those persons desiirng to receive them.

Because of the difficulties of enforcing or monitoring the mandatory provision of family planning services to former or potential recipients, the penalty provision will be limited to the offering and provision of services to present adult recipients of AFDC and workfare. However, family planning services must be offered and made available on an optional basis to former and potential recipients of child-bearing age.

It is envisioned that individuals of child-bearing age applying for or receiving AFDC would formally acknowledge that they have been informed that they are eligible to receive family planning services on a voluntary and confidential basis. If they desire family planning services, an appointment would be set up at that time and a copy of the form would be sent to the clinic or physician providing necessary services and supplies. This would not preclude "walk-in" requests for family planning assistance by present and former recipients or those likely to become recipients in the absence of such services.

The effectiveness of the program would be monitored by Federal officials on a sample basis. The operation of the program would also be subject of review by the Inspector-General for Health Care Administration.

Although the committee views family planning services as primarily medical services, it also recognizes the importance of counseling and informational services which are more traditionally considered to be social services. Therefore, the Committee amendment makes 100 percent Federal financial support for family planning services available under both the title XIX and the title IV-A programs.

The committee has amended title XIX to provide that family planning services are a mandatory service under all title XIX plans. The committee intends that the 100 percent Federal funding of family planning services through titles XIX and IV-A will reimburse for the reasonable costs of directly related family planning services.

FAMILY PLANNING SERVICES MANDATORY UNDER MEDICAID

SEC. 299E. (a) Section 1903(a) of the Social Security Act, as amended by sections 235 and 249B of this Act, is further amended by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

"(5) an amount equal to 90 per centum of the sums expended during such quarter (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;".

(b) Section 1905(a)(4) of the Social Security Act is amended by adding after clause (B) the following: "and (C) family planning services and supplies furnished (directly or under arrangements with others) to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies;".

(c) Section 402(a)(15)(B) of such Act is amended, effective January 1, 1973, (1) by adding after "in all appropriate cases" the following: "(including minors who can be considered to be sexually active)", and (2) by adding after "family planning services are offered them" the following: "and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services".

(d) Section 403 of such Act is amended by adding at the end thereof the following new sections:

"(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 of 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."

Mr. PACKWOOD. Mr. President, I am happy to say that the new Social and Rehabilitation Service Administrator, Mr. James Dwight, has committed his agency to an amendment to the regulations which would, for family planning services, make the presumption of a child and would make all sexually active women eligible for services regardless of their parental or marital status, and also without regard to the 6-month requirement in the regulations.

I am disappointed, however, that SRS has steadfastly refused to acknowledge or resolve the group eligibility and certification problem as it relates to mobile migrant children. As of today, SRS is ignoring the plight of mobile migrant and Indian children, who would be virtually excluded from any services under the proposed regulations. Frankly, Mr. President, it is beyond my comprehension that SRS cannot find a way to eliminate group eligibility abuses without hurting these most needy children. I could not think of a better example of throwing the baby out with the bathwater. I trust, however, that SRS will continue to study this situation, and come up with a constructive solution to restore group eligibility for Indian and mobile migrant children, particularly for day care and health services.

Mr. President, I reiterate that I do not know how it is possible to read into legislation which took such pains to assure the continued availability of those services which tend to prevent welfare dependency a justification for regulations which will seriously curtail those very services. But this is precisely what will happen next week under the published regulations unless this amendment is adopted. Mr. President, I ask unanimous consent that a brief summary of the impact of these regulations in my State of Oregon be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OREGON—IMPACT ON ADULT PROGRAMS

PROPOSED CHANGES IN FEDERAL REGULATIONS AFFECTING PROGRAM ACTIVITIES

Information referred

Information and referral services to Non-Welfare recipients no longer identified as a service.

Protective services

Protective Services to Non-Welfare adults. These are individuals who are living in hazardous situations because of economic, health, and emotional problems.

Community planning

Community Planning is no longer a defined service.

Sheltered workshop subsidy program

Sheltered Workshop Subsidy Program includes present, former and potential recipients of Aid to Disabled and Aid to the Blind. All are severely handicapped. There are some doubts as to whether the subsidy sheltered workshop can be funded by Federal Service dollars.

Foster care

Federal service match would not be available to purchase services (above board and room) which are available as a part of overall services supplied to all guests. Payment for services on individual basis will be curtailed and limited by Federal Regulation.

Volunteer services

Private donated funds.

IMPACT ON ADULT SERVICES PUBLIC WELFARE DIVISION

Information referred

Public Welfare has provided information and referral service to those requesting such service. This has amounted to some 20,000 contacts per year and has provided information and/or referral to Federal, state, local and private resources. Such activities has assisted people in solving problems.

Protective services

Approximately 2,000 aged and disabled adults who are not receiving Public Assistance payments annually receive such services. Some 1,000 of these probably have income exceeding the limitation imposed by the Federal Regulations.

Community planning

Public Welfare has provided leadership in community planning and developing community resources which are available not only to Public Welfare clients but to others in the community. Activities are to be focused on Public Welfare recipients. This will result in a loss of community resources and support.

Sheltered workshop subsidy program

94 of 236 enrolled in the program are former or potential recipients. One-third of these exceed income limit contained in new regulations and will be immediately ineligible. Limitations on time during which services can be provided to former and potential recipient will further limit ability to serve the 94 individuals so classified. 236 severely disabled individuals are enrolled in the program. Funding is absolutely essential toward maintaining the individuals in these slots.

Foster care

Services available to all guests in a facility can not be purchased for specific individuals. For example, if facility provides transportation to medical facilities to all guests, agency could not reimburse cost of transportation for individual Public Welfare recipients.

Volunteer services

Limitations on utilization of private donated funds will handicap volunteer services in those instances where such funds were used to provide such services as community resource centers, help lines, etc.

OREGON—IMPACT ON FAMILY PROGRAMS

PROPOSED CHANGES IN FEDERAL REGULATIONS AFFECTING PROGRAM ACTIVITIES

Adoptions: The proposal would eliminate federal support of services for virtually all but the welfare recipient. A child freed for adoption has no family pending adoption because the state is the legal guardian.

Protective services: The proposal would eliminate federal support of services for virtually all but the welfare recipient. Abused or neglected children come from families with high incomes as well as low.

Foster care:

1. A new definition of potential recipient would withdraw Federal support of services provided by CSD staff for children whose families do not qualify for ADC.

IMPACT ON CHILDREN'S SERVICES DIVISION

300 children per year are placed in adoptive homes by 42 workers in adoptive services—under the old regulations.

? children would be placed in adoptive homes by 11 workers in adoption services—under new regulations.

At any time 2325 families with children in need of protection would be receiving services under the old regulations.

1461 of these families would have too much income to qualify for federally supported services under new proposed regulations.

1. 2,054 of 5,039 children per month in foster family care would not qualify for federally supported staff services.

GOVERNOR'S REVISED RECOMMENDATION

The Governor recommends additional general funds to restore three fourths of the base program to support a staff of 31 positions.

The Governor recommends additional general funds to fully support his originally budgeted caseload of 2325 families plus intensive services in their own homes for 300 children transferred from foster care.

Full restoration of foster care services for 4,739 children at an average monthly cost of $108.91 was recommended by the Governor.

PROPOSED CHANGES IN FEDERAL REGULATIONS AFFECTING PROGRAM ACTIVITIES—continued	IMPACT ON CHILDREN'S SERVICES DIVISION—continued	GOVERNOR'S REVISED RECOMMENDATION—cont.
2. Federal service match would not be available for services (in addition to room and board) that are provided by the foster home.	2. Under the old regulations 5,039 children would be served at an average monthly cost of $108.91. Proposed regulations could hit hard at the pocketbook of foster parents. In order to care for 5,039 children the average monthly payment would have to be reduced to $100.55.	
Juvenile parole services (for children committed to juvenile training schools): The restrictive definition of potential welfare recipients and the virtual elimination of all but the very poor from eligibility for federally supported services. Children in conflict with the law also come from families of all income levels.	1,440 children would be served by a staff of 44 under the old regulations. 1,440 children would still require services but the neg regulations would eliminate Federal support for 31 of these positions.	The Governor recommends maintaining juvenile parole staffing at 44 positions.
Purchase of care from private child caring agencies: 1. The restrictive definition of potential welfare recipients. 2. The elimination of federal support of services provided by the facility in which the child is placed.	Under the old regulations: At an average monthly cost of $664.80, 901 children with emotional problems or with a history of conflict with the law would have been cared for in private residential facilities. Under the proposed regulations: At an average monthly cost of $644.80 care could be purchased for only 527 children. Federal support would be withdrawn from 15 of 24 CSD administrative staff assigned to work with the private agencies, children and their families.	Full restoration of funding to originally budgeted levels is recommended in order to provide services for 901 children at an average cost of $644.80 per month.
Child study and treatment (treatment programs for seriously disturbed children): 1. Proposed regulations prohibit federal social service support for medical or mental health programs. 2. The restrictive definition of potential welfare recipients. 3. The elimination of federal support of services provided by the facility in which the child is placed.	164 children would be placed in day treatment facilities at an average monthly cost of $525.57 with federal support under the old regulations. 59 could receive day treatment at the same cost under the proposed regulations. 51 children could receive residential treatment with federal support under the old regulations at an average monthly cost of $794.31. 20 would receive treatment under the proposed regulations at the same cost. An administrative staff of 30 would have provided program and individual treatment consultation under the old regulations. Proposed regulations would remove federal support for 13 of that staff.	The Governor recommends additional general funds to serve an average daily population of 164 children in day treatment facilities and 51 children in residential treatment. He also recommends restoration of the administrative staff to 30.
Licensing and certification: No federal funds would be available for the issuance of licenses or the enforcement of standards for foster homes or other child caring facilities.	A staff of 110 persons is needed to recruit, license and certify day care facilities, private agencies and foster homes. The proposed regulations would withdraw federal support for 58 of these positions.	The Governor recommends restoration of all but 12 of the 110 positions in his original budget.
Work study camps for children committed to juvenile training schools: No federal funds would be available for maintenance items even when they are part of a comprehensive program.	Of 24 staff positions in the two work study camps federal support would be withdrawn from 2 positions.	Restoration of two staff positions is recommended.
4–C day care for potential welfare recipients: 1. The restrictive definitions of potential recipients eliminates all but the very poor from eligibility. 2. January 1, 1974 elimination of group determination of eligibility. Residents of low income neighborhoods such as Model Cities or housing projects would no longer be automatically eligible for service.	An estimated 5330 children of employed-low income families would have been in 4–C day care under the old regulations. 906 children (17%) would be ineligible for federally supported day care under the new regulations and th parents of 1599 children would be required to assume part of the cost of day care.	The Governor recommends the use of general funds to be matched by local funds to continue day care services for those children who will lose eligibility under the new regulations.
Job Related Training—a new program (for certain young adults not eligible for other training programs): More restrictive definitions of persons eligible for services.	Under the old regulations CSD planned to train 350 persons. The new regulations would eliminate all federal support from this program.	The Governor did not recommend restoration of this program.
Scholarship (a self-help program begun by the County ADC Association): 1. Federal support would not be available for employment related services for persons eligible for the Work Incentive Program (WIN). 2. Educational expenses (books, tuition, etc.) paid by the agency would not be eligible for federal support.	At any time 165 members of ADC families would have been receiving vocational training or further education—under the old regulations. The proposed regulations would eliminate all federal support for this program.	The Governor did not recommend restoration of the ADC Scholarship program.
The Aide program: Aides function as support staff for programs and are affected proportionately by all of the proposed regulations affecting other programs.	All aides are recruited from the welfare rolls. 197 aides would have been employed under the old regulations. The proposed regulations would reduce that number to 120.	The Governor recommends restoration of all but 15 of the Aide positions.

Mr. PACKWOOD. Mr. President, the 6-month delay in the implementation of the new regulations is, therefore, essential if we are to avoid seeing the social services program stripped of one of its most important objectives, that of preventing the need for many people to go on welfare in the first place. This objective has been an important part of Congressional social services policy since at least 1962; it was strongly emphasized in 1967; and it was no repudiated but rather reaffirmed in last year's revenue-sharing bill.

A 6-month delay in the implementation of the regulations is, of course, only an expedient and not a solution. I am currently in the process of drafting new legislation which would provide crystal clear directions to HEW, and which would have the purpose of continuing services to those most in need, and those who will only remain self-sufficient with the help of social services. Additionally, I intend to work closely with other Senators who share my concern to come up with the most satisfactory and equitable proposal, giving maximum discretion to the States to determine priorities and provide services.

It will probably be necessary to spell out our intent in great detail, and this obviously cannot be done by July 1. The 6-month delay provided for in the Finance Committee amendment will prevent the damage which would be done by the immediate implementation of the new HEW regulations and will give the Congress time to enact a more complete and satisfactory answer to the issues involved.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. Mr. President, I yield myself such time as I may require.

Mr. President, we are talking now about interfering in the middle of the preparation of the regulations to operate the program, and forcing them to hang in abeyance for 6 months more.

The regulations were revised after the enactment of title III of the Revenue Sharing Act in October 1972, and it has taken this much time for the Department to study that act and prepare the regulations which now reflect the Department's interpretation of the congressional intent. The purpose of the program and later amendments to it was to assist individuals on welfare to become self-supporting, and to prevent those with incomes near the subsistence level from becoming dependent.

Further delay in implementation would cause greater uncertainty in the program, because the States will not be able to plan until after Congress acts on what it wants included under the new regulations.

This bill would allow an increase of $300 million over the budget outlays for fiscal 1974. State expenditure estimates under the old regulations were approximately $2.1 billion; outlays under the President's fiscal year 1974 budget were projected at $1.8 billion.

Congress has asked that HEW provide better monitoring of the services programs, especially those provided under purchase arrangements with other agencies. This will not be possible if we continue to postpone the implementation of the regulations.

It sounds easy. This just leaves the status quo as it was for another 6 months. Actually, it will leave the whole situation in a status of uncertainty. The States will not know what to do with their programs, and the Department, forced to end its consideration of regulations, will also be thrown off balance.

I do not think this is the way to go about increasing these expenditures by $300 million. I think it is wasteful of the energy that has been devoted to the job, and would just, as I say, magnify the uncertainty.

So I hope the Senate will reject this proposal.

Mr. LONG. Mr. President, last year we estimated that this program of social services was going to cost $4.7 billion this year, if we did not do something about it. So we voted, and we led the fight here in the Senate, and the country can thank the Senate that we cut this program back from $4.7 billion down to $2.5 billion. We cut the program practically in half.

We led the States to believe that they could depend on receiving their share of the $2.5 billion, allocated on a strict per capita basis.

The States have indicated that they would be willing to take that cutback under what they were anticipating, provided they could have the $2.5 billion. But, no, the Secretary of Health, Education, and Welfare comes out with regulations to cut that in half again.

Let me show you how ridiculous those regulations are. We have tried to make family planning services more widely available. Nothing would save more money on welfare than to prevent unwanted pregnancies of young women who are not married. But under these regulations, the young woman has to be 3 months pregnant before they can help her with family planning information. How ridiculous can you get?

Then we thought there ought to be a program for active treatment of alcoholics and drug addicts. Yet HEW says, under these social services regulations, that medical treatment for alcoholism and drug addiction cannot be provided; so the regulation defeats its own purpose.

I could give many examples of that sort. I point out that there is not a welfare director or a governor in any State, to my knowledge, who has supported these regulations. Furthermore, it is, in my judgment, completely in bad faith with the States to lead them to believe that they are entitled to have their share of $2½ billion, and then cut that in half.

One welfare director told me that he met with some HEW employee and, having looked at one aspect of the social services regulations said to him:

There is not one welfare department in the United States that can comply with that regulation.

The HEW employee said:

That is right; nobody can comply with it. But if anybody can comply, the money is there.

That is the kind of regulation we do not need. It simply frustrates the program. These regulations have been severely criticized on television and in other news media throughout the entire country. They are completely contrary to the intent of Congress that the States shall have an opportunity to use their share of $2.5 billion, to spend it for the benefit of poor and low-income people, to keep them off welfare. But we find that these regulations make it very difficult if not impossible for the States to use these funds.

The regulations do not have the support of a single State among the entire 50, so far as I can determine.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

* * * * *

CONTINUATION OF EXISTING TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

Mr. CURTIS. Mr. President, I yield myself 5 minutes.

Mr. FANNIN. Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. CURTIS. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that Mr. George Pritts be granted the privilege of the floor during the discussion and votes on the bill and the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I shall support the amendment. My primary concern in doing so relates to the mentally retarded and mentally handicapped.

There is no question that we have too much social legislation. There is no question that the great increase in Government expenditures has to do with social programs. In almost every other category, individuals and their families do have a measure of responsibility for the conditions they face. Individuals born with mental handicaps are in a different category. They are unable to help themselves and are unable to speak out for themselves in most things.

Prior to recent legislation, many

States—I do not know; perhaps all of them—had programs for the mentally retarded that operated without a needs test. That is correct. Mental retardation strikes across the board and has little, if any, connection between poverty and unemployment, although perhaps there may be some.

The distinguished chairman of the committee, Mr. LONG, has told about a controversy that arose from this social service section in general, and how Congress ended up by placing a ceiling of $2.5 billion on it. At the time that was done, it was clearly understood that the program for the mentally retarded would not be attached to the welfare program. In other words, no needs test would be provided. That was the understanding of those of us on the committee who were involved in the question. That was the understanding of the very worthwhile organizations which carry on good work in behalf of the mentally retarded.

I took the language proposed and transmitted it to my State, and they replied that it would enable them to carry on their full program for the mentally retarded, not on the basis of need. That was the general understanding.

Now we are faced with this problem that, beginning the first of July, new Government regulations will go into effect with respect to the mentally retarded. Those new regulations will be in violation of the intent of Congress, because they will not, in effect, provide a needs test for social services to the mentally retarded.

That should not be.

We are spending too much money around here, but we are not spending too much money on those individuals who cannot help themselves at all—and the mentally retarded are in that category.

For that reason, Mr. President, I shall vote that these regulations do not go into effect for the remainder of this year in the meantime.

I hope that a settlement can be arrived at, or that Congress can take other action to see to it that the program for the mentally retarded is carried forward as we all understood it would be at the time the previous legislation was enacted.

Mr. HANSEN. Mr. President, will the Senator from Nebraska yield me some time?

Mr. CURTIS. Mr. President, I yield 5 minutes to the Senator from Wyoming.

The PRESIDING OFFICER (Mr. DOMENICI). The Senator from Wyoming is recognized for 5 minutes.

Mr. HANSEN. Mr. President, I thank my distinguished colleague from Nebraska for yielding his time to me.

I am certain that, like many members of this body, I am torn between what my conscience, what my compassion tells me to do on the one hand and what the hard realities of fiscal responsibility urge that I should do on the other.

There is no question that the weight of the burden of inflation has fallen heavily on the shoulders of those to whom these amendments are addressed this afternoon. For that reason, I felt that I should like to explain, if I may, why I am voting as I do.

This Congress—both Houses—is on record as having indicated that there should be an overall spending limitation. We do not agree as to how that limitation should be enforced, but we do agree that there should be an overall spending limitation. We can certainly agree, too, that the rampaging rate of inflation has greatly exceeded what many people thought it would be a year ago when we approved the 20-percent increase in social security and provided at the same time that further increases would become automatic starting on January 1, 1975.

Mr. President, my dilemma arises from the fact that I, too, would like to do the things that compassion dictates should be done. I think that what has been said by the distinguished Senator from Nebraska (Mr. CURTIS) makes good sense. Few people, indeed—very few—could argue against it; yet, if we do not raise taxes and if we do not curtail spending, then we are going to add to the inflationary pressures. It is just that simple.

I do not know what we might do. There are, of course, a few options we can take, but I doubt very much that we will raise taxes and I have very little confidence that we will keep under the spending limitation.

Yet I suspect a great many of us on this floor today will criticize the President when he finds it necessary to impound funds in order to keep within the kind of budget expenditure he believes will carry out the announced intentions of the Congress.

These are not happy issues to have to face. I wish that I could join with those who are saying, "We will pay the poor people more. We will take care of the old, the blind, and the disabled. We will see that the mentally retarded are properly cared for."

I merely want to say that in voting as I have, I do not mean to imply that I am not conscious of the crying need that has not been answered on the part of Government to these people; yet I would hope that we would have the courage, the wisdom, and the good judgment, indeed, to take those actions necessary in order to close the gap between what Government takes in on the one hand and what it spends on the other.

Failing that, we will add greater momentum to the inflationary forces that seem incapable of being halted or slowed down now.

I thank my distinguished colleague from Nebraska once more for yielding me this time.

Mr. JAVITS. Mr. President, on March 14, 1973, Senator MONDALE and I, joined by 41 cosponsors of both parties, introduced S. 1220, a bill to place restrictions on the Secretary of Health, Education, and Welfare imposing the regulations on the availability and use of Federal funds authorized for social services under the Social Security Act. We were joined by the following cosponsors: Mr. ABOUREZK, Mr. BAYH, Mr. BIDEN, Mr. BROCK, Mr. BROOKE, Mr. BURDICK, Mr. CASE, Mr. CLARK, Mr. COOK, Mr. CRANSTON, Mr. EAGLETON, Mr. FULBRIGHT, Mr. GRAVEL, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. HUGHES, Mr. HUMPHREY, Mr. KENNEDY, Mr. MATHIAS, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MONTOYA, Mr. MOSS, Mr. MUSKIE, Mr. NELSON, Mr. PACKWOOD, Mr. PASTORE, Mr. PELL, Mr. PERCY, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCHWEIKER, Mr. STAFFORD, Mr. STEVENSON, Mr. TUNNEY, and Mr. WILLIAMS.

The bill was designed to safeguard the following elements of the existing approach to social services which were threatened by regulations proposed by the Secretary of Health, Education, and Welfare, which the administration had intended to make effective April 1; programs affected include day care, aid to the elderly, programs to deal with mental retardation, alcoholism, juvenile delinquency, and other social services under titles IVA and XVI of the Social Security Act.

First, the States existing authority to define eligible recipients including past and potential.

Second, use of privately contributed funds and in-kind contributions as part of the State's matching share.

Third, existing standards for day care.

Fourth, authority to provide drug and alcohol treatment programs, education and training services, and other comprehensive programs for children, the elderly or disabled.

Fifth, reasonable reporting requirements.

As a result of our initiatives and other objections to the proposed regulations the administration sought to revise those requirements and announced a number of postponements of the effective date, the latest of which is July 1, 1973.

The Senate Committee on Finance has undertaken a thorough examination of the regulations and now apparently agrees with us that the Secretary should not be permitted to implement them in the near future.

To that end, the Finance Committee ordered reported as an amendment to H.R. 8410, the debt ceiling bill, now being considered on the floor, a provision delaying the effective date of the regulations until January 1, 1974. The committee's announcement states that—

> This delay will permit the Congress time to deal with the substantive issues associated with social services and to approve legislation as appropriate.

As I indicated when S. 1220 was introduced, the approach of the administration would tend toward increasing the welfare rolls—contrary to their general intent—and would add "insult to injury" for States like New York, where social services efforts are already severely damaged by the $2.5 billion ceiling on social services and the formula for distribution has greatly prejudiced the large industrial States—the very States that have shown the greatest interest and competency in providing social services.

I commend and support the committee action and ask the Senate to approve it and look forward to working with the Finance Committee in future efforts to-

ward legislation, both to deal with the issues raised by the regulations and with the ceiling and the distribution formula thereunder.

I ask unanimous consent that there be printed in the RECORD at this point, an excerpt from the CONGRESSIONAL RECORD of March 14, 1973, stating my position in regard to S. 1220 and the letter of Jule M. Sugarman, administrator of the human resources administration of New York City:

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPT FROM THE CONGRESSIONAL RECORD OF MARCH 14, 1973

Mr. JAVITS. Mr. President, I am pleased to join with Senator WALTER MONDALE, Democrat, of Minnesota, in S. 1220, a bill to bar restrictions by the Secretary of Health, Education, and Welfare imposed by regulations on the availability and use of Federal funds authorized for social services under the Social Security Act. We are joined by a bipartisan group of 41 Senators including the following members of the minority: Senators BROOKE, CASE, COOK, HATFIELD, MATHIAS, PACKWOOD, PERCY, SCHWEIKER, and STAFFORD.

The bill would safeguard the following elements of the existing approach to social services which are threatened by regulations proposed by the Secretary of Health, Education, and Welfare, which the administration intends to make effective April 1; programs affected include day care, aid to the elderly, programs to deal with mental retardation, alcoholism, juvenile delinquency, and other social services under titles IVA and XVI of the Social Security Act.

First, giving States existing authority to define eligible recipients including past and potential.

A key aspect of the current program is that States and localities are free to provide child care and family services to former and potential welfare clients. Under present law, as a general matter, services may be provided to persons who have been on welfare during the past 2 years and persons who could be on welfare within the following 5 years.

Under the new proposal, a 5-month limitation would pertain with respect to former recipients and a 3-month limitation for potential recipients. Additionally, eligibility cutoffs would be revised so that in New York City; for example, a family of four earning just above $5,400 would not be eligible for day care.

The administrator of the Human Resources Administration of New York City, Jule M. Sugarman, has advised me by letter dated March 7, 1973, that if the regulations are implemented, about 50 percent of the current families enrolled in the child care programs would be ineligible; at the present time there are approximately 368 centers in New York City with a capacity for 26,289 children.

These restrictive elements, if implemented, will impact all of the social services programs, not just to day care. Mr. Sugarman's letter notes:

"We are already considering whether we should not move our Senior Citizen Center program out of Title XVI coverage to spare the elderly the necessity of documenting their near indigency to gain program eligibility."

Mr. President, it is clear that if implemented these regulations will have an effect exactly the opposite of that intended by the Congress for the social services program under the Social Security Act. For example, in day care, it will mean that once the mother works her way off of welfare, she will become ineligible for child care and thus fall back into the welfare category.

Nothing could be more counterproductive or repugnant to the purposes of the law or inimical to the Administration's own concern with the "working poor" than that.

Second, use of privately contributed funds and in-kind contributions as part of the State's matching share.

Under the proposed regulations, the administration proposes to eliminate private contributions which currently may be counted as a part of the State's or locality's 25-percent matching funds.

This will sound the death-knell for many programs throughout New York State and the Nation which find sources of life in the contributions of philanthropic organizations, United Fund, and similar sources; I am advised that in New York City alone one such private organization has provided as much as one half a million dollars to social services.

Moreover, this proposal should be considered inconsistent with the administration's own emphasis on volunteerism and economy in government since the matching requirement acts as an incentive for funding from the private sector and thus achieves a "multiplier effect" in terms of Federal expenditures.

Third, existing standards for day care.

The proposed regulations eliminate existing requirements with respect to the quality of child care made available under the Social Security Act.

Under the new regulations, there is every risk that programs would become purely "custodial"—that is, lacking in educational, nutritional, and other components that are so key to human development.

Again, nothing could be more counterproductive in terms of the purposes of the Social Security Act since programs without these essential elements can only act to perpetuate the cycle of poverty for a new generation.

It should be noted also that elimination of standards for day care is inconsistent with the law recently enacted by the Congress. The Economic Opportunity Act Amendments of 1972 specifically provided, in section 19 for the application of the Federal interagency day care requirements to all child care programs funded by the Federal Government and the President signed that law on September 19, 1972.

Fourth, authority to provide drug and alcohol treatment programs, education and training services, and other comprehensive programs for children, the elderly or disabled.

Under the new regulations, programs for the rehabilitation of alcoholics and drug addicts are not even eligible activities; in New York City, this will mean the eliminaton of Federal fundng for programs under which 25,000 addicts—5 to 10 percent of the 300,000 to 500,000 in New York City alone—are now being given treatment.

Moreover, there is no mandate in the proposed regulations for the use of subprofessional personnel in service delivery and training and educational leaves—as under previous law.

Fifth, reasonable reporting requirements.

Under the new regulations, States and cities would be required to determine eligibility of each recipient on a quarterly basis; under present law, eligibility must now be determined only once a year and more often only if the State deems necessary.

I support efforts to assure administrative efficiency in carrying out programs but I believe that the proposed regulations impose an element of red tape that can only serve to make the program almost unworkable.

For these five reasons, we propose this amendment to the Social Security Act in the belief that the regulations proposed by the Secretary remain contrary to the general purposes of the Social Security Act, which is to get people off the welfare rolls. Limiting eligibility to persons on welfare, cutting off private funds, permitting custodial child care, eliminating drug and alcohol treatment programs, and cutting efforts for paraprofessionals and related services can only serve to increase the welfare rolls.

Mr. President, just last December, despite my efforts to seek relief, the Congress imposed a $2.5 billion ceiling on social services throughout the Nation and established a formula for distribution which greatly prejudiced industral States like New York—indeed the very States that have shown the greatest interests and competency in providing social services.

For this fiscal year, that ceiling has meant that approximately $200 million is available in Federal matching funds for New York State in contrast to the State's original request for and ability to use effectively $800.0 million.

Mr. President, I hope very much that in light of the substantial bipartisan support for our proposal evidenced by cosponsorship for this measure that, the Secretary of Health, Education, and Welfare will reconsider these regulations and abandon them. If there are further reforms that need to be made in the law, we will be pleased to work with the executive branch in developing them, but we do not wish to permit these regulations to be implemented without regard to legislative intent or involvement.

I ask unanimous consent that at this time there be printed in the Record a copy of the letter from Jule M. Sugarman, administrator of the Human Resources Commission in New York City to me dated March 7, 1973 and an article and an editorial from the New York Times of March 7, 1973.

There being no objection the material was ordered to be printed in the Record as follows:

1,000 PROTEST FEDERAL PLAN TO CUT DAY-CARE SERVICE

About 1,000 demonstrators, many of them mothers who brought their children, yesterday protested proposed Federal regulations that would end day-care and other social services for many present recipients.

Carrying signs and chanting "We want day care," the protesters marched for about three hours outside 26 Federal Plaza, where the Federal Department of Health, Education and Welfare has offices.

Last month the department proposed terminating Federal support for social services to working mothers who earn salaries more than one-third higher than their state's official poverty level.

In New York State, as many as half the 34,000 working mothers now using centers for their children would be about the $5,400 maximum that would result if the proposals were implemented.

Many mothers said they would have to go on welfare if their day-care services were terminated. Others praised the centers, where children are taken care of while parents work, as "life-savers."

CARING FOR CHILDREN

Working mothers in this and other cities have been expressing concern about the proposed changes in the Federal guidelines which might render their children ineligible for low-cost day care. Unless states and cities make up for the reduction in Federal support, many mothers whose earnings are above the poverty level but too modest to permit expensive unsubsidized private child care would be forced to withdraw their children from any existing centers. In New York the cut-off point would come at an income of $5,400.

The controversy once again puts the spotlight on the important social issues raised by the sponsors of last year's child develop-

ment legislation. The measure, vetoed by the President, recognized that day care is not as Mr. Nixon seems to believe, a mere handout for welfare mothers. It is rather an effective device to allow working mothers of limited means to divide their attention between job and home without neglecting their children.

The ultimate effect of a rigid interpretation of financial need in determining eligibility for free or low-fee child care will be to increase the welfare rolls. It would simply become economically impossible for many women to work and still feel confident that their children are well taken care of at the same time. Such a regressive policy clashes head-on not only with compassionate social doctrine but also with the President's own repeated insistence that people help themselves first in order to be eligible for government aid.

But the mistaken view that day care in only for children of poverty is dangerous for another reason. The strength of the best of the existing day care centers is that they attract a mix of children from a relatively wide range of home backgrounds. If integration—socio-economic as well as racial—is truly to remain the country's goal, the time to begin is when the children are still too young to have been inoculated with the virus of society's suspicions and hostilities.

When President Nixon vetoed the Child Development Act, he said he considered the measure a threat to the American family. The present situation, in addition to increasing the welfare rolls, is a threat to American childhood.

THE CITY OF NEW YORK,
March 7, 1973.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I appreciate the opportunity afforded to me by your request that I describe the effect that the proposed Title IV-A and XVI HEW Regulations would have on provision of social services to the families and children, disabled, aged and the blind, residing in New York City.

Following are some thoughts on how the proposed changes will affect social programs and the people who benefit from them.

The regulations as proposed, do not provide for recipients of service to be part of advisory committees; although provision is made for a Day Care advisory capacity, it is only on State level. This is contrary to the direction we have taken to enable the citizens of New York City who are users of service, to advise on program content which is most desirable in terms of meeting needs. Placement of advisory function at the State level for Day Care, effectively presents parental-local participation in shaping programs designed for their children.

By eliminating the provision for fair hearings and substituting a "grievance" provision, the new regulations dilute the concept of accountability of the local and state bureaucratic administrative structure in that they permit for a complaint to be made but do not provide for a method of orderly and objectively responsive resolution. Furthermore, the lack of provision for fair hearings is in violation of the Social Security Act provisions as stated in Title IV-A, Section 402 (a) (4) and Section 406(b).

There is no mandate in the proposed regulations for the use of subprofessional personnel in service delivery. This is contrary to provision of the Social Security Act (as amended), which specifies in Title IV-A, Section 402(a) (5) (B):

"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 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 to applicants and recipients and in assisting any advisory committees established by the State agency."

Although this proposed deletion in effect will not change the City's policy in providing entry level opportunities in the service area for people with less than college degrees, it opens up the possibility that the State no longer need go along with the City policy since this is no longer mandated under Federal regulations. Entry level social service jobs have been one of the ways we have provided employment opportunities for current assistance recipients.

There is no mandatory provision for staff development and training and educational leave. The absence of this provision eliminates one of the major programs which had been available to us for the purpose of upgrading skills of our current staff. At a time when maximum staff skills will be needed to produce maximum effectiveness as specified in the proposed regulations, reimbursement for staff development through educational leave is being eliminated.

Mandatory services have been limited to three: Family Planning, Foster Care for Children and Protective Services for Children. This gives the State the option not to approve Preventive Services for Children. This would seriously affect our capacity to exert maximum efforts to forestall and/or prevent placement which is, both socially and fiscally, the most expensive type of care. The failure to mandate services of preventive nature would also appear to be contrary to the intent of the 1967 Amendments which were designed to prevent dependency and promote independence.

The intent of the proposed regulations regarding Day Care seems patently clear: to halt program enrichment and nutrition for those enrolled in group day care programs. Where the current regulations *require* that services be provided to meet the education, emotional social and physical needs of children and their families, the proposed regulations do not speak to those concerns.

The most telling blow however, is the restrictive provision for eligibility. Under the proposed provisions a New York City family of four earning just about $5400, would not be eligible for day care at Federal rate of reimbursement. Approximately 50% of current families enrolled in our program would be ineligible and we would be facing the intolerable decision of having to deny day care services to those familes or adding the fiscal burden of the non-reimbursable portion of the program to the heavily encumbered resources of the City and the State. And even that intolerable solution is contingent upon the willingness of the State to share the burden with us.

The restrictive eligibility provisions if implemented, will impact all of the social service programs in addition to day care. We are already considering whether we should not move our Senior Citizen Center program out of Title XVI coverage to spare the elderly the necessity of documenting their near indigence to gain program eligibility. At issue is whether the State will participate with us on an equal cost sharing basis to help stave off the humiliation for the elderly and the destruction of our carefully developed senior citizen program.

Besides being restrictive, the eligibility provisions present an administrative complexity which will need a computer based system to operate. Even though our Medicaid levels are within the 133⅓% provision of the State public assistance level, a Medicaid eligibility would not qualify as eligibility for service since the resources permitted have to be at a Public Assistance level. In effect that would mean, for example, that a working family of four earning $5372 per year who had savings of $100, could not qualify for Day Care under Title IV-A. This might, contrary to intent and desire on the part of HEW, contribute to helping keep single parent working families on assistance. It can be stated that the net effect of the proposed eligibility criteria which limit the definition of former to three months and potential to six months is to provide service virtually exclusively to current recipients, and to move away from the legislative intent of providing supports to those who have become independent or are in danger of becoming dependent.

Although I applaud the goal-oriented and time directed thrust regarding service plans, I regret that the proposed regulations specify that service plans for potential recipients can include only services that deal with problems that can lead to financial dependence. That type of emphasis would seem to engage our ability to provide child care education, home arts education and other such services to families whose lives and whose children's future might benefit from this type of service.

Sincerely,

JULE M. SUGARMAN,
Administrator.

THE CITY OF NEW YORK,
HUMAN RESOURCES ADMINISTRATION,
New York, N.Y., June 26, 1973.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I appreciate the opportunity afforded to me by your request that I present my views on the Social Services Amendment attached to the Public Debt Bill (HR 8410), which would postpone the commencement of HEW regulations under Titles I, IV, X, XIV, and XVI of the Social Security Act, from July 1, 1973, until January 1, 1974. I have on numerous occasions expressed my concern regarding both the proposed and final versions of the regulations issued by HEW on February 16, 1973, and May 1, 1973, respectively. I have shared with you my assessment of the impact of the proposed regulations on New York City in my letter of March 7, 1973, and have testified before the Committee on Finance, United States Senate, on May 16, 1973 regarding these same issues.

The HEW regulations are, I believe, another in the series of moves to promote fiscal savings at the expense of low-income working people. As such, they go well beyond the intent of Congress, which was to provide social services to the working poor, thereby preventing their dependence, at points of crisis, on public welfare payments. I agree that there is a need to limit social services expenditures. However, various analyses have demonstrated that the regulations as promulgated by HEW, would result in so limiting social services expenditures as to bring them below the $2.5 billion level authorized by Congress.

I am encouraged by the decision of the Senate Finance Committee to take affirmative action in postponing the regulations, thereby offering Congress ample time to deliberate on viable social services legislation, which will be broad enough to allow and encourage low-income working persons to utilize day care, family planning and other services which they need to stay off of welfare rolls. As you may recall, HEW's eligibility requirements are such that they discourage participation by the potential service population. Potential recipients are unable to retain even minimal cash resources, unless these are exempt by individual States in the States regulations governing financial assistance programs. In New York State, any potential recipient with ten dollars in a savings account will be barred from day care, and other services, as HEW's regulations tie

his resources eligibility to the eligibility requirements for public assistance clients.

In addition, the issuance of HEW's regulations has resulted in a de-emphasis of programs for the aged, disabled and blind populations. This de-emphasis is quite alarming when considering that service programs for the aged, disabled and blind can be effective in preventing costly institutionalized care. I feel it important to advise that the cost of institutional nursing homes in New York City, has skyrocketed to nearly $400 per week, while services which could prevent such placement can be provided at a much lesser financial, and most important social cost.

In preparation for my testimony before the Senate Finance Committee, I had reviewed the Congressional Record of Thursday, October 12, 1972 and Friday, October 13, 1972. I also had reread the Conference Report, No. 92-1450 which accompanied HR 14370 (State Local Fiscal Assistance Act of 1972) and Senate Report, No. 92-1050 (Part 1), prepared by the United States Senate Committee on Finance in reference to the Revenue Sharing Act of 1972. None of these documents suggested any legislative intent to alter substantively, the authority of each state to request what that state considers to be an equitable, efficient and effective definition of eligibility for services. Nowhere was there the suggestion that group eligibility should be eliminated. Rather, the thrust of the legislative intent appeared to be provision to limit the explosion of cost and to tighten program review to assure regulatory compliance and local maintenance of effort.

The regulatory removal of group eligibility, when combined with the 90/10 provision of the State Local Fiscal Act of 1972, virtually eliminates our capacity to serve the non-welfare elderly poor population. The latter, of course, is a matter of redress by Congressional action, so that states can use their own judgment to provide services to those aged in need even if they refuse to avail themselves of the right to public assistance supplementation of their social security income. In relation to this we are encouraged by HR 8641 introduced on June 13, 1973 by Congressman Heinz and other similar bills which would remove the 90/10 provision.

However, even if the 90/10 restriction is eliminated by legislative action, the HEW regulations will continue to affect our ability to provide services to many in need, such as the aged. We estimate that of the 46,000 aged currently using our senior citizen centers, nearly 60% or 27,600 will be ineligible for Federal financial participation if the 90/10 provision and the regulations effective July 1, 1973 continue in effect. Under existing regulations, poor senior citizens are able to utilize our centers and receive a hot meal without submitting to an individual means test under provisions for group eligibility determination. HEW's regulations, effective July 1, 1973, eliminating group eligibility, will affect many elderly who will prefer to remain isolated and improperly nourished rather than face a means test for service.

In addition, New York City will face enormous fiscal burdens in serving our day care and other family services populations, as potential service clients with minimal cash resources will no longer be eligible for Federal financial participation. New York City is currently serving some 34,000 children in our day care program, of which 14,600 are on AFDC. Although 75% of all day care users are eligible under the 233⅓% payment level, there is no way of ascertaining how many of thees 25,000 clients have cash resources, and are consequently ineligible. One can assume that most working families retain minimal savings accounts for "rainy days." Should these familes be honest and declare their resources, New York City will not be able to claim Federal reimbursement for their day care services.

A similiar problem exists in our family planning programs, where we estimate that some 6,600 persons are no longer eligible for service under the 150% payment level. This figure will also increase as potential clients declare their resources and become ineligible.

It should also be noted that HEW's regulations no longer allow Federal financial participation for subsistence and medical care costs when provided as essential components of a comprehensive service program of a facility. Under existing regulations, the costs of providing meals to children in day care centers is reimbursable by the Federal government. Since this provision has been removed by HEW regulation, we estimate that New York City will incur costs of an additional $5 million to maintain the current program level. I want to underscore the critical importance of providing adequate nutrition for children so that they have the physical stamina for school and, later on in life, for work.

Lastly, the mandate to redetermine the eligibility of the current service caseload within three months of July 1, 1973 will increase our costs an additional $1.8 million and necessitate a virtual cessation of service delivery during the interim.

I cannot stress too strongly the need for deliberate review of social service needs in this nation. I therefore strongly urge your support for the proposed amendment which will postpone the effective date of the regulations and permit time for viable and equitable legislation.

Sincerely,

JULE M. SUGARMAN, *Administrator.*

Mr. SCHWEIKER. Mr. President, I rise in support of H.R. 8410, the bill to continue the existing temporary increase in the public debt limit through November 30, 1973.

One of the key provisions of this bill is section 230, which would retain the existing social services program regulations of the Department of Health, Education, and Welfare until January 1, 1974. I am wholeheartedly in favor of this 6-month moratorium on any changes by the Department in these regulations. As one of those Senators who has joined in protesting these regulations of HEW, and as a cosponsor of S. 1220, the bill introduced by the Senator from Minnesota, (Mr. MONDALE), I feel that the Committee on Finance needs until the end of this calendar year to fashion its own social services legislation to supplant these proposed HEW regulations.

As the distinguished chairman of the Committee on Finance, the Senator from Louisiana (Mr. LONG), pointed out in his statement on the floor yesterday, one of the serious errors made by HEW in its regulations relates to legal services. In the initial draft of the new HEW social services regulations, no provision at all was made to continue legal services with these social services funds.

Pennsylvania would have been one of the principal States affected by this outright ban on further use of social services funds for legal services. As I pointed out in my letter of March 16, 1973, to Secretary Weinberger, Pennsylvania currently receives $2.4 million of the $4 million spent nationally under the social services program for legal services to the poor.

When the revised HEW regulations were published May 1, 1973, legal services were restored as a permissible use of social services funds by the States, but only those legal services involving "legal problems of eligible individuals to the extent necessary to obtain or retain employment."

This limit on the scope of legal services is so narrow that it will be tantamount to an outright bar of any funds for legal services. Pennsylvania's program, the most ambitious such program in the Nation, would be practically put out of business because it simply is not feasible to continue to operate the program on such a narrow, restricted basis. In Pennsylvania, social services funds are being used in two ways for legal services. One way is as a supplement to the budgets of legal services agencies that are also receiving funds from the Office of Economic Opportunity. The other way is to finance programs in rural counties that do not receive any OEO funds. These latter programs, seven in number, serving 15 rural counties, would collapse altogether without continued use of HEW social services funds.

Mr. President, I intend to pursue this matter further with the Committee on Finance as it uses the balance of this year to write its own legislation to override the HEW social services regulations. I am glad that in the pending bill, H.R. 8410, the committee has taken the first step by providing a 6-month freeze on the implementation of these regulations by HEW.

Mr. President, I ask unanimous consent that my letter to Secretary Weinberger dated March 16, 1973, be included in the RECORD at this point, followed by a statement submitted to the Committee on Finance by the Pennsylvania Legal Services Center dealing with the need for legislation to guarantee the continued existence of legal services under the social services program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MARCH 16, 1973.

Hon. CASPAR W. WEINBERGER,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: I am writing to express my deep concern with the proposed regulations your Department has issued for the Social Services program, removing legal services programs from eligibility for Social Services matching funds.

This policy change will affect my state, Penneylvania, more acutely than any other. Of the $4 million in Social Services matching funds used nationwide for legal services programs, $2.4 million goes to legal services programs in Pennsylvania alone.

Pennsylvania, since 1968, has taken a vigorous lead in making use of these matching funds for legal services programs. These funds have been used in Pennsylvania to supplement the operations of existing OEO-funded legal services agencies and to start wholly new programs in areas not being served by an OEO-funded program. In the latter case, there are now seven programs serving 15 predominantly rural counties which did not have, and still do not have, OEO legal services programs for the poor. These programs now depend exclusively on HEW matching funds.

In the context of the entire Social Services program, with its ceiling of $2.5 billion, this $4 million worth of support for legal services programs does not loom as a major item. Yet, if it were to be cut out

Pennsylvania would suffer proportionately more than any other state, since it receives more than half of all the funds used nationally for legal services. So I urge that you consider retaining legal services programs as a permissible use of Social Services matching funds under the new regulations.

Sincerely,

RICHARD S. SCHWEIKER,
U.S. Senator.

MAY 24, 1973.

SENATE FINANCE COMMITTEE,
U.S. Senate,
Washington, D.C.

GENTLEMEN: Enclosed is a statement of the Pennsylvania Legal Services Center in support of S. 1220 with recommendations for amendments thereto relating to legal services. This statement is submitted on behalf of the Pennsylvania Legal Services Center and nineteen (19) local legal services programs in Pennsylvania utilizing HEW social services funds to provide legal services to the poor. Please include this statement as part of the official record of the Committee proceedings concerning S. 1220.

We urge that the Committee take prompt action to report the bill favorably to the floor of the Senate.

Very truly yours,

GERALD KAUFMAN,
Executive Director.

STATEMENT OF THE PENNSYLVANIA LEGAL SERVICES CENTER IN SUPPORT OF S. 1220, WITH RECOMMENDATIONS FOR AMENDMENTS RELATING TO LEGAL SERVICES

The Pennsylvania Legal Services Center (PLSC) is a private, non-profit corporation responsible for the funding, on a state-wide basis, of local legal services programs. Recently organized at the direction of the Governor with the close cooperation and assistance of the Pennsylvania Bar Association, PLSC, through a contractual relationship with the Pennsylvania Department of Public Welfare, allocates funds derived from the Department of Health, Education, and Welfare, as well as from public and private sources, for the support of 19 independent local legal services programs serving the needs of the poor in 27 counties in the Commonwealth. PLSC, largely in response to local initiative, develops new programs in areas of Pennsylvania unserved by local programs, and provides training, technical assistance, and back-up services to local programs. Finally, PLSC monitors and evaluates the performance of local programs to insure that they are responsive to the needs of their client community and that they operate in accordance with the highest standards of professional responsibility and the highest level of professional competence.

PLSC is responsible to the Pennsylvania Department of Public Welfare for the utilization of all legal services funds derived from HEW and used for the support of local programs. To insure responsiveness to local needs, PLSC's board is composed of representatives of the organized bar, the public (appointed by the Governor), project directors of local programs, and client representatives. This board structure reflects the makeup of local program boards which also have significant bar and "client representation.

A unique feature of the approach Pennsylvania has taken in the development of local legal services programs is its reliance on local initiative and financial support. This approach assures that a local program will be responsive to the needs of the area it services, and assures accountability. Apart from useful organizational efforts which local groups have contributed, financial support has been received from the Bar Associations of 9 counties, the County Commissioners of 13 counties, Community Action Agencies in 13 counties, 5 municipalities, and various church groups, foundations, united funds, and private law firms.

Currently, Pennsylvania, through the Department of Public Welfare, spends $3 million annually to support legal services, of which $2.4 million are matching Federal funds derived from the Social and Rehabilitation Service of the Department of Health, Education, and Welfare. Seven local programs serving 15 predominantly rural counties are totally supported by these funds and 9 of the remaining local programs in the State depend on these funds for a substantial portion of their operating expenses, the remainder being supplied by the OEO, Office of Legal Services. In accordance with HEW's suggestion, the Pennsylvania Department of Public Welfare and the State and local bar associations have cooperated extensively with OEO in developing legal services in Pennsylvania, although the state's financial commitment has exceeded OEO's, which has remained at the $1.9 million level for approximately 4 years.

State, private, and matching Federal funds currently provide 107 lawyers to meet the demands of over 670,000 potential clients (recipients of cash public assistance payments) in the counties now covered by legal services. The Commonwealth has recently increased its commitment of state-appropriated funds to $508,000 for fiscal 1974.

Although legal aid programs had existed for some time, much of the local commitment to the provisions of legal services for the poor was crystallized in response to HEW's vigorous urging to move ahead in this area contained in HEW State Letter No. 1053. (Attached hereto as Exhibit #1.) Assured of HEW's commitment to provide comprehensive legal services for the poor, and realizing that local resources were insufficient to provide quality legal services in all areas of the Commonwealth, and particularly in rural areas, without Federal financial participation, local groups directed their energies and funds toward the initiation of programs which they expected would be long lasting with their continued support combined with that of HEW. Clients came to be accustomed to equal access to legal institutions once financial barriers were removed.

The continuation of Pennsylvania's extensive and effective HEW funded legal services program (which accounts for 55% of the total funds now available for legal services for the poor in the Commonwealth) is now threatened by new regulations adopted by HEW for the administration of its social services program, including legal services, now scheduled to be implemented on July 1, 1973. PLSC believes that legislation such as S. 1220, with the amendments proposed herein relating to legal services, is necessary to preserve legal services as a meaningful service to the poor.

These comments and recommendations are made on behalf of PLSC and the 19 local legal services programs jointly dependent on HEW matching funds for support.

NEED FOR CORRECTIVE LEGISLATION

PLSC strongly supports S. 1220 and, in particular, the Bill's intent to preserve intact, subsequent to July 1, 1973, important components of the HEW social services program by requiring the Secretary of HEW to maintain specified regulations for the administration of Titles I, X, XIV, and XVI and part A of Title IV of the Social Security Act as those regulations were in effect on January 1, 1973. The regulations now scheduled for implementation on July 1, 1973 have narrowed significantly the definition and scope of legal services which are reimbursable. We believe that S. 1220 should be amended to direct the Secretary of HEW to allow as broad a range of legal services as was heretofore provided.

Under the authority of HEW regulations in effect January 1, 1973, (45 CFR § 222.59 and § 222.91) and more particularly State Letter No. 1053 (November 8, 1968) a full range of legal services was permitted. State Letter No. 1053 provides, in pertinent part:

3. Scope of services.

Legal services are defined to mean the services of a lawyer, made available to the eligible individual or family, for help with legal problems confronting them—including representation in court, and in court appeals where appropriate. The option is left to the states whether or not to provide legal services. . . . Basically, a total spectrum of legal services to clients is contemplated, but the state may determine for itself those categories of problems for which it will provide service. Fee generating cases are excepted from this definition. Matters in which the state has an obligation to furnish counsel to the indigent, such as in certain criminal and in juvenile matters, are also excepted. Legal services under the program are directed to the benefit of the client, to provide him with an advocate in situations where he needs the services of a lawyer . . .

This definition contrasts sharply with that included in the regulations to take effect on July 1, 1973 (45 CFR § 221.9 (b) (14)).

Legal Services—This means the services of a lawyer in solving legal problems of eligible individuals to the extent necessary to obtain or tretain employment. This excludes all other legal services, including fee generating cases, criminal cases, class actions, community organization, lobbying, and political action.

This definition of legal services is defective, especially in contrast to the definition contained in State Letter No. 1053, in two ways: ways:

1. It limits eligible clients to those having employment related legal problems, thereby excluding from service persons who may be unemployable but whose life situation could be improved by legal services. This would include the elderly, the disabled, and persons otherwise unemployable, such as dependent children.

2. It imposes a prior restraint on the type of service the lawyer can give to eligible clients by specifically excluding class actions, group representation, and lobbying, and thereby intrudes on the attorney-client relationship.

SUGGESTED LEGISLATIVE ALTERNATIVES

1. Mandate the State Letter No. 1053 Definition.

PLSC urges that S. 1220 be amended to include a directive to the Secretary of HEW to define legal services in accordance with the standards set out in State Letter No. 1053. Under this standard, each state now providing legal services could continue to determine for itself the categories of legal problems for which it will provide legal services to eligible clients.

2. Mandate an alternative definition.

As an alternative definition, PLSC recommends the following language:

Legal Services—This means the services of a lawyer in solving legal problems of eligible persons. This excludes fee-generating cases, criminal cases, and political action.

This alternative definition will allow the same range of services as the State Letter No. 1053, but would specifically exclude political action by legal services attorneys. The exclusion of political activity would have a beneficial effect in that it would further assure the insulation of legal services programs from political attacks.

3. Provide for Interim HEW Funding for Legal Services.

The Administration has recently introduced its proposed legislation to establish a national Legal Services Corporation. Once the Legal Services Corporation is organized, and adequately funded and structured to continue support of the comprehensive legal services system that has been established through OEO and HEW, the need for a separate HEW supported legal services program

may lessen. As a further alternative, therefore, PLSC suggests that S. 1220 be amended to instruct the Secretary of HEW to continue to define legal services, under either definition set forth above, on an interim basis pending the ability of the Legal Services Corporation to assume the burden of the current HEW funding.

RATIONALE FOR MAINTAINING A BROADLY DEFINED LEGAL SERVICES PROGRAM

1. The limitation on client eligibility strikes hardest at those most in need.

The proposed definition, by focusing on employment related legal problems, excludes services from many of the poor who are most in need, including elderly and disabled persons and others who cannot be moved to employment but whose ability to become self-sufficient could be enhanced with some legal assistance. The providing of legal assistance to stop the illegal eviction of an elderly person, thereby preventing his becoming a public charge, or the providing of legal assistance to solve the domestic problems of a woman who may then become available for employment are services excluded under the proposed definition. The definition also excludes legal assistance in areas of the law where exploitation of the poor is most common, such as in consumer affairs, and in issues relating the entitlement to public income maintenance benefits, benefits which are intended to provide temporary support directed toward the eventual employability of the recipient. In a perverse twist, the regulation even elimiates the representation of clients in fair hearings which are themselves required by the Social Security Act and other Federal and State laws. This policy is inconsistent with HEW's stated aim of getting social services to those most in need. The regulations emphasis on employment-related problems is a mis-directed priority since it fails to recognize that other legal services can be a means to enhance a client's ability to achieve self-sufficiency.

2. The definition of legal services unduly restricts the scope of services that can be provided and thereby infringes on the attorney-client relationship.

The use of class actions as a tactical device in conducting litigation, the providing of legal advice as counsel to a group of clients, and lobbying activities performed in an attempt to acquaint legislative bodies with the particular problems of a client in order to provide information necessary to guide that body's delfberations are all traditional functions of a lawyer and are carried on every day by lawyers acting as advocates for their clients. Many of the lawyers engaged in lobbying, for example, are supported by public funds, either directly in the case of attorneys employed by government agencies, or indirectly, in the case of private attorneys where fees are tax deductible business expenses. The novelty of the regulations now to be changed is not that they sanctioned the use of public funds for these forms of advocacy, but that they gave poor people the means to have this sort of representation at their disposal for the first time. The proposed regulation, by eliminating these advocacy functions, deprives poor persons of quality legal services by insuring, before they ever consult an attorney, that the services they can expect to receive will be limited. If a client is to be adequately and aggressively represented by his attorney, the attorney must be able to employ all of the advocacy tactics at his disposal. To provide a legal services attorney with less is to assure that his client will receive less than equal justice.

Although the regulations contain no rationale for the limitation on the scope of legal services that can be provided, the intent may be to insure the professional responsibility of attorneys by limiting their activity in areas of the law in which the participation of legal services lawyers has been most controversial. If so. the regulations are a heavy handed approach since the machinery already exists to assure accountability. In Pennsylvania, the Pennsylvania Bar Association and local bar associations play a significant role in the development and direction of the local programs. The Board of Directors of each program includes client members who help assure that the activities of the program are conducted in the interests of the client population. Local government and private organizations, including both lay and bar organizations, have substantially contributed toward the development of programs and have continued their input toward the improvement of local programs. Affirmative action at the highest level of state government is necessary before a legal services program utilizing HEW funds can even be provided in a state. The proposed restrictions on the scope of services that can be provided do nothing to enhance the professional nature of the local programs, and in fact overstep ethical boundaries by limiting what actions the attorney may take in representing his client.

3. The restrictive definition for legal services will not result in a significant national cost saving.

Nationally, only $4 million of HEW funds is currently spent on legal services. The continuation of this level of funding in terms of the total national HEW budget is not inflationary. More importantly, the total amount of social services funds available to each state has already been limited by Title III of the Revenue Sharing Act. Legal services will now have to compete, at the state level, with other state priorities for the available social services dollars allocated to the state. Similarly, only a few states have opted to provide legal services since 1968. A continuation of a broadly defined legal services program would not open a floodgate since there is now great competition within each state for the available, and Federally limited, social services dollar.

In the past seven years, this country has made great strides toward reaching the goal of obtaining "equal justice under law" for every person regardless of his economic condition. The severe limitations in the proposed regulation by HEW for the use of social services funds for legal services represents a precipitous reversal of direction. For this reason, and the reasons set forth above, PLSC urges adoption of S. 1220 with the amendments proposed herein.

MEETING LEGAL NEEDS OF THE POOR

(NOTE—The State Letter reproduced here, discussing the need and the program for providing legal services for poor people and transmitting a Statement of Principles was issued November 8, 1968, by the Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare.)

TO STATE AGENCIES ADMINISTERING APPROVED PUBLIC ASSISTANCE PLANS

Legal services for the poor

In the year and a half since I assumed the responsibility of Administrator, Social and Rehabilitation Service, no subject has come up more frequently than the legal rights of poor people—what are they—what is our legal system doing to secure and protect them? Are they intrinsically different than the rights of any of us? What responsibility does the Department of Health, Education, and Welfare have in this area, especially that part of it, like Social and Rehabilitation Service, so intimately concerned with especially vulnerable people.

As a matter of fact, the securing and protection of the legal rights of poor people have been a subject of serious concern for the Social and Rehabilitation Service and its predecessor agencies in the Department of Health, Education, and Welfare for a number of years. In attempting to assure poor people their rights under law, it is clear that too often poor peoples' rights have not been clearly defined or if defined and understood have not been honored.

The Department of Health, Education, and Welfare has recognized the need of making the law meaningful to poor people, and of using the law to help them cope with problems imposed upon them through poverty. Committed as we are to the concept of "Equal Justice for All," our Department pioneered in studying this problem when it sponsored a conference in Washington in November 1964 on "The Extension of Legal Services to the Poor."

Since that time, great strides have been taken to provide lawyers for poor people to help them achieve their rights and to achieve social justice. The Office of Economic Opportunity Legal Services Program, as well as the organized bar, has done a great deal in the last few years in this regard; so has the legal assistance movement generally. Lawyers have done much for poor people on issues directly and intimately affecting their lives. This has not only improved the economic situation of the poor individually, and as a class, but the efforts of these lawyers have helped to convey to poor people a feeling that the law can be on their side.

Despite all that has been done to provide lawyers for poor people and to assure their rights in the last few years, there yet remains a large unmet need for legal services for public welfare clients with problems in the fields of domestic relations, consumer law, landlord and tenant relationships, etc. Community legal assistance agencies (those supported by OEO and the legal aid societies) report overwhelming demands for their services. Rural areas suffer from a particular dearth of free legal service for poor people. The Social and Rehabilitation Service in the Department of Health, Education, and Welfare is accepting its responsibility to help this situation by including legal services as one of those services for which it will provide matching funds where the State welfare department makes this service available in its public assistance program.

In the spring of 1968, we convened two meetings with groups representative of the organized bar, State and local public welfare agencies, voluntary agencies, and other Federal departments to assist us in developing a statement of principles for a legal services program in public welfare. The enclosed statement, "Principles for a Program of Legal Services for Public Welfare Clients," was developed as a result of these meetings and will serve as guides to be followed in developing a legal services program.

We strongly urge you to move ahead as quickly as possible to establish legal services programs. Justice delayed is justice denied. As indicated in the enclosure, section 1115 demonstrations (Social Security Act) are available for purposes of experimenting with the launching of a legal services program in geographically limited areas.

Because of the importance of legal services, I am establishing a special unit in the immediate Office of the Administrator to assume responsibility for implementation. Mr. Joseph E. Steigman, Legal Services Consultant, is being assigned to the unit to work directly under Mr. Joseph H. Meyers, Deputy Administrator.

Sincerely,

MARY E. SWITZER,
Administrator.

PRINCIPLES FOR A PROGRAM OF LEGAL SERVICES FOR PUBLIC WELFARE CLIENTS

The Social and Rehabilitation Service supports and strongly encourages the provision of legal services financed through the federally assisted public welfare programs. The following objectives are sought:

Legal services of high professional quality.

Complete independence of the attorneys to serve the client's interest.

Representation of the client in a broad range of circumstances and actions.

Close coordination and complementary relationships with the Legal Services Program of the Office of Economic Opportunity and with other community legal assistance services.

Achievements of these objectives will require cooperative relationships between the State and local public welfare agencies, the Department of Health, Education, and Welfare, the Office of Economic Opportunity, the organized bar associations at national, State and local levels, and a great number of agencies that provide community legal services.

1. LEGAL SERVICES—PROFESSIONAL PROGRAM

This is to be a professional program. It will be administered in accordance with the standards and ethics of the legal profession.

2. STATUTORY BASIS

The "services" sections of the various public assistance titles of the Social Security Act provide the bases for Federal participation in the funding of legal services furnished or made available by public welfare agencies. In general, services may be provided through the public welfare program, with Federal sharing, to needy individuals who are 65 years of age or over, blind or disabled, or who are members of families with children where a parent is dead, absent, incapacitated, or unemployed.

3. SCOPE OF SERVICES

"Legal services" are defined to mean the services of a lawyer, made available to the eligible individual or family, for help with legal problems confronting them—including representation in court, and in court appeals where appropriate. The option is left to the States whether or not to provide legal services. (However, effective July 1, 1969, States must make available the services of lawyers to welfare clients who desire them in public welfare agency hearings under the fair hearing section requirements of the Social Security Act.) Basically, a total spectrum of legal services to clients is contemplated, but the State may determine for itself those categories of problems for which it will provide service. Fee-generating cases are excepted from the definition. Matters in which the State has an obligation to furnish counsel to the indigent, such as in certain criminal and in juvenile matters, are also excepted.

Legal services under the program are directed to the benefit of the client, to provide him with an advocate in situations where he needs the services of a lawyer. Legal activities primarily benefiting the administration of the public assistance program are not encompassed within the definition. Non-support and paternity actions, in particular, present a problem as to whether the client or the agency is primarily benefited. Accordingly, such actions may be included only as part of a program providing comprehensive legal services, and only where the lawyer represents the individual client.

States are urged to support broad programs of legal services required by public welfare clients.

4. RELATIONSHIP TO THE BAR

The support of the American Bar Association and the National Bar Association will be solicited in regard to national objectives of the legal services program; and States will be encouraged to seek the support of State and local bar associations.

5. RELATIONSHIP WITH OEO

The Department of Health, Education, and Welfare support of legal service programs will be closely coordinated with OEO. State programs supported by HEW must be so designed as to complement, and not compete with, programs in the State supported by OEO.

6. METHODS OF PROVIDING LEGAL SERVICES

It is expected that the services will be provided through purchase arrangements by the public welfare agency. The priority method is the purchase of legal service from an existing community program, e.g., OEO funded law office or other community legal assistance service, etc. This would include the purchase of service to enable such existing program to expand the scope of its services, the geographical area it serves, or both. In the absence of an existing community program, the welfare agency may wish to explore with local bar or other groups the possibility of creating such a program.

Agreement will need to be reached with such resources to assure a level of service by them for public assistance clients, financed from other sources, which is not diminished by reason of the public welfare agency's purchase. Reimbursement may be made through any equitable method, which is supported through sample cost analyses or other objective justification.

Where this priority method is not feasible—where no community legal assistance type of service now exists or is arranged—services may be purchased from private attorneys. This situation may arise most frequently in rural areas.

Attorneys on the staff of the public welfare agency, or under full or part-time retainer by it, may be used to provide legal services under the program only upon a showing satisfactory to the Federal agency that the professional nature of the program will be maintained. Such attorneys may in no event be used in matters that could give rise to a conflict of interest—as in disputes between the client and public agencies.

Whatever the method employed to deliver the legal service by the public welfare agency, the attorney-client relationship will be preserved and the independence of the attorney to represent his client's interest will be assured. Regardless of the method of delivering the service, lawyers may not be subject to the control of lay persons in the exercise of their professional responsibilities.

7. FEDERAL FINANCIAL PARTICIPATION IN LEGAL SERVICES

a. Federal financial participation in the cost of legal services as described above for families with dependent children under title IV, Part A, of the Social Security Act, as amended, is available at the 85 percent rate up to July 1, 1969, and at the 75 percent rate thereafter, as a family service or child welfare service.

b. For the adult categories (aged, blind, disabled)—Federal financial participation is available in the cost of legal services, as described above, at the 75 percent rate, if the agency furnishes federally prescribed services for the particular category and if the State, in addition, includes legal services; and the 50 percent rate would be applicable if the State does not furnish federally prescribed services, but does include legal services. The non-Federal share must be in cash from public sources.

8. METHODS FOR MAKING LEGAL SERVICE KNOWN

Methods for making the availability of the legal service known to the potential client and the community will need to be developed by the public welfare agency. Such techniques would include the orientation of public welfare agency staff to recognize possible legal problems of the poor, through clients and their representatives, liaison with the organized bar, use of various communications media, etc.

9. STATEWIDENESS

The provision of legal services can comply with the State-wide statutory provision through the delivery of the service by different methods in different areas of the State. The State-wideness requirement can be waived for an experimental, pilot, or demonstration project designed to show how legal services can be carried out in a State.

10. ADVISORY COMMITTEE

It is planned that an advisory committee to the Social and Rehabilitation Service will be appointed to provide consultation in regard to the development and operation of the legal services program and will meet periodically.

It is anticipated that the committee will be representative of the organized bar associations (including the American Bar Association, National Bar Association, etc.), practicing attorneys from the poverty law field, representatives from the National Legal Aid and Defender Association, from OEO and other Federal agencies, public welfare representatives and other persons active and interested in programs of legal services for the poor, including representatives of welfare client groups.

Likewise, public welfare agencies should utilize State and local advisory committees in the development of their legal services programs, where feasible. Most of the members of the national, State, and local advisory committees should be lawyers.

Mr. MATHIAS. Mr. President, last March it was my pleasure to join with other Members of the Senate in cosponsoring S. 1220, a bill to limit the authority of HEW to impose by regulations certain additional restrictions upon the availability and the use of Federal funds authorized for social services under the public assistance programs established by the Social Security Act.

This legislation became necessary because HEW saw fit to publish a set of proposed regulations on February 16, 1973, which would have had the effect of totally eliminating some social service programs while drastically reducing others far beyond the annual ceiling on Federal social services expenditures of $2.5 billion which was established by the Congress last fall.

The impact of the new social services regulations on Maryland and the rest of the Nation would be, by even the most conservative estimate, excruciating. In recent weeks, hundreds of thousands of citizens have attempted to bring home this point to the Secretary of HEW through letters, phone calls and personal visits to Washington. Today, we are faced with the prospect of watching these regulations take effect within 4 days unless the Congress stays the hand of HEW.

Mr. President, we now have before us an amendment to the debt limit bill which will delay the effective date of the regulations until January 1, 1974. I shall support this amendment because it closely corresponds to the purpose of S. 1220. If this delay is won, the Congress will have the opportunity to carefully review the issues that have been raised by the regulations without penalizing the very individuals HEW was established to help.

Since February, I have been in touch with many organizations, individuals and agencies in my State in connection with this problem. Mr. President, I ask unanimous consent that a Report to the Maryland General Assembly by Secretary David T. Mason, the Maryland Department of Employment and Social Service, on the impact of the social services regulations; an excellent statement

by Mrs. Terry M. Lansburgh, president of the Maryland Committee for the Day Care of Children, which was presented to the Senate Finance Committee; and some most illuminating reports from various Maryland County Departments of Social Services on the regulations be inserted in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

IMPACT OF REDUCED FEDERAL SUPPORT FOR MANPOWER AND SOCIAL SERVICE PROGRAMS OPERATED BY DESS

(A report to the Maryland General Assembly by the Department of Employment and Social Services, David T. Mason, Secretary)

I. INTRODUCTION

The last seven months have produced substantial turmoil for the Department of Employment and Social Services because of the persistent uncertainty regarding the stability of federal funding for Maryland's manpower and social service programs. This uncertainty continues in large measure because of a lack of leadership and decisive action from the federal level.

During the 1973 Session of the Maryland General Assembly, the full impact of the gyrations at the federal level was not yet known to the Members, but a clear awareness existed that the impact would be substantial and that a reassessment of the State's role in supporting human service programs would be in order. Accordingly, the Department's budget report indicated:

The Committees recommended that the Legislative Council review the status of federal support for social services and employment programs during the 1973 interim. The Department of Employment and Social Services is requested to submit a report which reviews the status of programs which have experienced reduced federal support, with recommendations as to which programs, in order of priority, may require additional State support. Said report should be submitted to the Senate Finance Committee by June 15, 1973.

As requested, the Department submits herein its report on the effects of federal fund reductions on its human resource development programs. The context in which the report should be viewed is important. While this report focuses on programs within the Department's areas of direct responsibility, it does not reflect the many federal fund reductions being experienced by other agencies in Housing, Model Cities, and other related areas. These reductions, however, do have their most substantial effect on this Department's clientele, and a spillover effect can be anticipated. For example, immediate spillover effect has already occurred in Baltimore City where cutbacks in the Model Cities Program have resulted in the defunding of several programs jointly funded by DESS and Model Cities.

This report attempts to present information on the current status of human service programs in three areas:

1. Social Services,
2. Community Action, and
3. Manpower.

Because of the greatest investment of General Funds and the greatest impact on Department activities is in the area of Social Services, the bulk of this report deals with the status of federal support of programs operated by the Social Services Administration and the twenty-four local departments of social services.

II. SOCIAL SERVICES

The social activities of the Department have their Federal statutory base in the Social Security Act of 1935, as amended. That Act, as well as being the source of funds for public assistance payments, provided in Titles IVA and XVI that social services should be provided to individuals who were receiving public assistance (current recipients), who used to receive public assistance (former recipients), and who were likely to become recipients of public assistance (potential recipients). The purposes of the provision of social services, among others, were to reduce dependency, to strengthen family life, and to foster the development of children. The Act provided that 75% of the cost of social service programs conducted under the "single state agency's" approved State Plan would be paid for in Federal funds. To allow states flexibility in dealing with fluctuating caseloads and to stimulate the growth of social services programs, the Congress left the amount of funding which any state could receive for social service programs "open-ended."

A. Impact of Public Law 92-512

Over the last several years states began to substantially increase their utilization of Federal social service funds, particularly by increasing services to potential recipients to prevent dependency. Concerned with the growth in social service expenditures, the Congress, in October 1972, added a Title III to what was to become P.L. 92-512, the General Revenue Sharing legislation. Title III, now identified as Section 1130 of the Social Security Act, placed an annual ceiling on Federal social service expenditures of $2.5 billion. Under the law's formula, Maryland would be entitled to receive *up to* $48.6 million in Federal social service funds in FY 74 ($36.8 million for the last three quarters of FY 73). However, in addition, the Congress, in a more serious action, required also that with certain exceptions 90% of all the federal social service funds spent by a state must be spent on current recipients and applicants of public assistance. Only 10% of the funds could be spent on former or potential recipients. The funds exempted from this spending ratio were funds utilized for day care, foster care services, family planning services, and services to the mentally retarded, drug adict or alcoholic. Funds utilized for day care were only exempt of the day care service was provided to facilitate the work or training of the parent or was related to the parent's death, absence or incapacity. In addition, the new law changed the federal matching ratio for emergency services from 75/25 to 50/50.

The effects of the imposition of the 90/10 ratio of funds spent on services to current recipients as opposed to former or potential recipients can be seen in the attached charts in column three, titled, "Revenue Sharing: Units Affected." The implications of these reductions in service are discussed later in this report. These cuts *have already* been effected. The services indicated have been stopped to avoid the loss of federal funds due to noncompliance with the 90/10 ratio.

B. Impact of new social service regulations

Imposition by the Congress of $2.5 billion annual ceiling on federal social service expenditures, while approved by the President in October of 1972, was not consistent with the expressed intent of the Office of Management and Budget and the Department of Health, Education and Welfare which had sought a lower ceiling. Accordingly, HEW published proposed regulations (45 CFR 220, 222) in the Federal Register of February 16, 1973, which would have had the effect of totally eliminating some social service programs while drastically reducing others far beyond the cuts already caused by the provisions of P.L. 92-512. Despite receiving over 200,000 almost universally negative comments on the proposed regulations, HEW published on May 1, 1973, with few substantive changes from February 16, 1973, its new social service regulations (45 CFR 221) to be effective on July 1, 1973. These regulations were further amended on June 1, 1973.

The new Regulations will affect federal reimbursement in Maryland primarily in four ways:

1. Elimination of federal reimbursement entirely for certain services.
2. Restricting reimbursement for certain services by substantially narrowing the definition of the services.
3. Restricting reimbursement for services to noncurrent recipients by substantially narrowing the definitions of "former" and "potential" recipients.
4. Restricting reimbursement to services specifically related to narrowly defined goals of self-support and self-sufficiency as opposed to the broader goals expressed in the Social Security Act.

The impact of the new Regulations can be seen in attached charts in columns four and five, titled "Social Services Regulations; Units Affected." The implications of these reductions in service are discussed later in this report. If the Regulations are implemented on July 1 as expected, the service reductions indicated in column four will be effected immediately, and those indicated in column five will be effected between July 1 and September 30, 1973. As of June 15, 1973, the possibility exists that the Congress will take action to prevent HEW from implementing the Regulations on July 1, 1973, as planned.

C. Fiscal implications of combined impact of Public Law 92-512 and new social services regulations

The attached charts present data on the combined impact of P.L. 92-512 and the new Social Service Regulations operated directly by the Department or by contract to other state and local agencies. The immediate impact on the Department is an annual loss of $17,513,911 in either funds or value of services discontinued. To avoid an actual fiscal loss which could not be absorbed within the Department's budget, DESS, in conformance with P.L. 92-512, has already discontinued service to 40,755 individuals and families who were actually receiving services or in the case of contracts with the Housing Authority of Baltimore City and Workshop for the Blind were expected to receive service within the coming year. Thus, with the exception of those services exempt from the 90/10 formula and Child Welfare services which the Department is currently attempting to preserve by utilizing its ability to devote 10% of its federal social service funds to noncurrent recipients, the Department is now providing social services funded from Titles IVA and XVI to *only* current public assistance recipients.

The new social service Regulations, once effective, will result in an additional loss of federal reimbursement for 50,918 units of service of various types. In some instance, a unit represents a family or individual losing service, while in others a unit represents the loss of a Departmental service to another provider of service such as an institution or home (adoptive home, foster home, or family day care). The Department fully intends to take action to avoid an actual fiscal loss by terminating services no longer eligible for federal reimbursement and individuals no longer eligible to receive services. In most instances *the Department will be able to redirect service efforts* to continue to receive federal funds, as discussed below. In some instances, however, because of State law, or because of the dependency of an eligible service on an activity declared ineligible for federal reimbursement by the new regulations (e.g. licensing), the Department will attempt to continue a service by redirecting current and seeking new resources.

One additional point on fiscal impact is important. While the immediate combined

impact of the new law and regulation is $17,513,911, that impact will be substantially reduced, as indicated, by redirecting the Department's resources and service efforts. In many instances, it is anticipated that services to individuals no longer subject to federal reimbursement will be supplanted by services to individuals who continue to be eligible. To the extent this happens, while service will be lost to certain individuals, a new service value will be created. The Department estimates the maximum "recoupment" of federal funds by this process to be $6,715,862, as noted on the accompanying chart.

D. Plan of action

Despite the lack of information from HEW regarding implementation of the new social service regulations (the Regulations were last amended on June 1, 1973), the Department is now engaged in preparation for implementation and detailing a plan of action. The format for action in coping with the loss of federal support is as follows:

STATE OF MARYLAND, DEPARTMENT OF EMPLOYMENT AND SOCIAL SERVICES, IMPACT DATA, REVENUE SHARING (PUBLIC LAW 92-512) AND SOCIAL SERVICE REGULATIONS PREPARED BY THE OFFICE OF PROGRAM PLANNING AND EVALUATION

DEPARTMENT OPERATED PROGRAMS

Program	Units of service as of Mar. 1, 1973	Revenue sharing: Units affected	Social service regulations units affected: Service definition	Social service regulations units affected: Eligibility [1]	Total units affected: Number	Total units affected: Percent	Annual Federal reduction
(1)	(2)	(3)	(4)	(5)	(6)		(7)
Public assistance service.	4,586 adults	[1] 723		25	748	16.3	$326,367
Do	10,914 families	[1] 2,516		196	2,712	24.8	1,056,704
Intermediate care	3,642 adults	3,311			3,311	90.0	336,826
Homemaker	720 families	[1] 288		40	328	45.6	448,507
Do	680 adults	[1] 320		23	343	50.4	469.018
Day care service	5,713 children	[1] 1,048	297	2,002	[2] 3,347	59.0	3,766,248
Day care licensing	4,800 families		4,800		4,800	100.0	330,000
Single parents service.	2,015 families	[1] 715			[3] 715	35.0	159,931
Protective service	3,178 families	[1] 418		1,065	[3] 660	21.0	295,970
Adoption	1,074 children		1,074		1,074	100.0	240,877
Adoption	1,362 homes		1,362		1,362	100.0	$308,248
Foster care	1,952 homes		1,952		1,952	100.0	315,990
Foster care application.	1,498 children			737	737	49.0	119,306
Foster home reviews.	4,390 homes		4,390		4,390	100.0	710,653
Institutional licensing.	50 institutions		50		50	100.0	22,347
Legal services	25,000 cases	6,000	18,000		24,000	96.0	1,211,250
Total	71,574 units	15,339	31,925	4,088	50,529	71.0	10,118,242

[1] Program data as footnoted reflects immediate impact. DESS will be replacing those persons immediately affected with eligible persons in need of service. As replacements are made, the reduction in Federal funds will decrease proportionately. Estimated maximum recoupment for programs listed above is $4,871,914 (includes designated programs in col. 3 and all of col. 5).

[2] Adjusted figures—assumes 50 percent will participate under fee scale; that is, 540 affected by fee scale.

[3] Adjusted figures—indicates balance of service units after maximum possible shift to title IV B which are unaffected by regulations.

CONTRACTED PROGRAMS

Program	Units of service as of Mar. 1, 1973	Revenue sharing: Units affected	Social service regulations units affected: Service definition	Social service regulations units affected: Eligibility [1]	Total units affected: Number	Total units affected: Percent	Annual Federal reduction
(1)	(2)	(3)	(4)	(5)	(6)		(7)
School without a building.	189 children		189		189	100	$326,999
SAGA (day care—elderly.)	750 adults	277			277	37	288,299
Consumer law	3,250 cases	1,625	1,625		3,250	100	73,757
Vocational rehabilitation.	400 cases		400		400	100	300,000
Summer camp	11,871 children		11,871		11,871	100	671,000
Mental retardation day care.	1,821 cases			[2] 660	660	36	1,682,657
Workshop for blind	10,000 adults	9,500			9,500	95	$4,119,621
Housing authority (Baltimore City).	46,666 cases	14,000			14,000	30	478,645
Model Cities day care, Prince Georges County.	310 children			[3] 145	145	47	161,291
Health and welfare council.	658 cases	14	15		29	4	24,400
Total	75,915 units	25,416	14,100	805	40,321	53	8,006,669

[1] The data in this column reflects immediate impact, Contractors will attempt to replace ineligible persons with eligible persons in need of service. As replacements are made, the reduction in Federal funds will decrease proportionately. Estimated maximum recoupment for programs listed above is $1,843,948.

[2] 1,000 mentally retarded adults remain eligible until Dec. 31, 1973, due to exemption in eligibility requirements.

[3] Adjusted figures—assumes 50 percent will participate under fee scale; that is, 88 subject to fee scale.

STATE OF MARYLAND, DEPARTMENT OF EMPLOYMENT AND SOCIAL SERVICES, SUMMARY—IMPACT DATA, PREPARED BY THE OFFICE OF PROGRAM PLANNING AND EVALUATION

	Total units of service	Total units affected: Number	Total units affected: Percent	Total annual Federal reduction
Department operated programs	71,574	50,529	71	$10,118,242
Contracted programs	75,915	40,321	53	8,066,669
Grand total	147,489	90,850	62	[1] 18,184,911

[1] Maximum recoupment due to replacing ineligible people is estimated to be $6,715,862. The extent to which actual recoupment can be achieved is not yet known. The ability to recoup depends heavily on the nature of the service involved. For example, replacement of noncurrent recipients no longer served in public assistance services to adults will be substantially more possible than replacement of 737 foster care applicant children, which normally involves a matter of judicial determination.

1. Conform to P.L. 92-512 by eliminating service to individuals where necessary to meet the 90/10 formula requirement and the rationale for provision of the day care service. This has been accomplished. Select services operated by the Department have been affected in the following manner:

a. Public Assistance Services. This service, which may be generally conceived of as the services of a caseworker, range from family counseling to such activities as assistance in securing housing or needed medical services. This service is now only available for welfare recipients. The "near-recipient" is excluded.

b. Intermediate Care Service. This service to adults in Intermediate Care Facilities (ICF) is focused on attempting to assist such institutionalized individuals to return to their homes. It has been reduced by 90% since that portion of those receiving services were "near-recipients."

c. Homemaker Services. This service has many purposes which include attempting to main an elderly or disabled individual within his own home when he is unable to fully care for himself in the home and thus avoid institutionalization, and caring for children when a mother is incapacitated and thus avoid placement of the children in temporary foster care. This service has been reduced by approximately 50%.

d. Day Care. This service has been eliminated for 1048 children for whom the rationale for the provision of service did not meet the definition of the new law.

e. Single Parent Services. This service, which is focused on preventing births out of wedlock and assisting an unwed mother to adequately care for her child, has been reduced by 35%.

f. Maryland Legal Service Program. This service has been eliminated for 6000 families and individuals who are eligible for Medicaid but not public assistance.

g. Purchase of Services. The Department has cut back purchase of service contracts to service only current recipients of public assistance.

2. Seek to obtain continuation or reinstitution of Intermediate Care Services by transferring the cost of the service to Title XIX and the budget of the Department of Health and Mental Hygiene. This action was unsuccessful due to a lack of resources within the DHMH budget.

3. Attempt to redirect staff resources to exempt services or to serve current recipients as "near-recipients" are dropped. This activity is currently ongoing and proving successful. The full possibilities here are not yet known. However, the number of individuals receiving Public Assistance Services to adults increased by 11% between March 1 and June 1, 1973. This was primarily due to the availability of staff being transferred from the discontinuance of Intermediate Care Services. In addition, to the extent that services can be redirected to WIN participants as "WIN-authorized" services, the services provided can receive 90% federal reimbursement instead of the usual 75%. Likewise, the Department is undertaking a major effort to expand family planning services to all current, former and potential recipients; this also is a 90% federal reimbursement service. The bulk of those displaced staff not redirected into such activities will be more than fully accounted for in complying with the stringent new eligibility and redetermination of eligibility requirements of the new Regulations.

4. Prepare to comply with the new federal social service regulations. The Department has taken steps to comply fully with the new Regulations as they are currently understood. As of June 15, 1973, instructions on implementing the Regulations which were to be issued by HEW concurrently with the issuance of the Regulations have not yet been so promulgated. The Department has sought written clarification on major elements of the Regulations, as yet without response by HEW. Unless implementation of the Regulations is postponed by Congressional action, the Department will proceed to eliminate those services and service units indicated in the impact charts, columns four and five. However, because of the State statutory requirements or other reasons, the Department is immediately seeking resources to continue providing: Day Care Licensing, Protective Services, Adoptive Services, Foster Care Services, and Institutional Licensing.

The anticipated loss of federal funds for these activities is $2,343,491. The Department is currently exploring ways to reduce the cost of these services while maintaining the level of effort that is essential.

Beyond the above-listed services which are essentially mandatory, the Social Services Administration and the Office of Program Planning and Evaluation are preparing an analysis of service priorities which will be forwarded to the Senate Finance Committee as a supplement to this report prior to July 15, 1973.

5. Explore new service activities depending on the implementation of the new Regulations. If implementation of the new Regulations is averted by Congressional action, the Department may still be faced with a resource allocation in certain areas which is no longer efficiently utilized because of the elimination from service of non-recipients. There are, however, major areas of service the Department is interested in and capable of developing if the opportunity is presented. Chief among these services are foster care for adults and day care for the elderly. Although the Department has limited activities in these areas currently, these services remain eligible for federal reimbursement to the extent the services are provided to current recipients. The General Assembly indicated its interest in this type of service by the passage of several pieces of legislation during the last session.

E. Implication of not restoring select services

The implications of the Department's not maintaining the adoption, protective services, licensing and foster care services which it considers essentially mandated are rather obvious. The implications of not maintaining or restoring other services may not be so obvious. These services, which will be reflected in the supplement to this report to be filed by July 15, 1973, include:

1. Homemaker Services. The reduction in homemaker services will lead to increased institution of the elderly and disabled, and increased use of foster care for children, among other effects. The average cost to house an individual in a skilled nursing home is projected to be $510 per month, in an Intermediate Care Facility, $383, or in Foster Care $135 per child per month. In FY 74 the Department's homemaker service was expected to avert 1022 foster care placements and 1431 placements in ICFs and skilled nursing homes.

2. Day Care. At this point, no projection is available of the number of low income families with working mothers which may be forced to utilize public assistance because of the loss of day care. Aside from welfare families, essentially any non-welfare family of four with a gross annual income up to $3600 will be eligible for free day care if the need for service is linked to employment, training, or the absence or incapacity of the parent. Similar families with a gross annual income between $3600–$5600 will be required to pay a sliding percentage of the cost of the service. Totally eliminated from service per se will be children with special needs such as the emotionally disturbed, the deaf, and the blind.

3. Intermediate Care Services. As pointed out above, it can be anticipated that the reduction in Homemaker Services will result in a greater use of Intermediate Care Facilities.

Because of the almost total loss of the Department's Intermediate Care Services, it can likewise be anticipated that, once in an ICF, individuals will remain there for longer periods of time.

4. Legal Services. Ninety-six percent of this service will be eliminated by the combined effect of the new law and new regulations. The primary reduction will be the restricting of the service to legal assistance in obtaining or retaining employment. All other legal services; e.g., assistance in divorce actions, preparation of wills, etc., will be eliminated.

F. Summary

While the nature of the reduction in federal support for social services is extreme, the Department is moving well to achieve compliance, to redirect service efforts where necessary, and to seek to compensate for services lost or in danger of being lost. The situation is currently in flux, and will drastically change if Congressional action to prevent implementation of the new social service regulations is successful. A supplement to this report will be filed with the Senate Finance Committee by July 15, 1973, with an up-date of the status of federal support for social services.

TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE, MAY 16, 1973

(Therese W. Lansburgh, vice chairman, Developmental Child Care Forum, 1970 White House Conference on Children*)

It is a pleasure and an honor to appear before this distinguished Committee and especially before the senior Senator from my former home State of Louisiana.

Although I shall be addressing myself specifically to the issue of day care, I must first emphasize my concern with the overall direction—or misdirection—of the New Regulations governing Title IV-A of the Social Security Amendments issued May 1 by the Department of Health, Education and Welfare.

All the services are needed. All the reductions are punitive. "Give me your tired, your poor, Your huddled masses yearning to breathe free," is emblazoned on the Statue of Liberty. This gift of the French people was a tribute to the people of the United States, to the American dream and the hope it generated among all the peoples of the world—hope for the future, hope for overcoming poverty, hope for becoming a success.

America has been the land of promise for those who applied themselves, who weren't afraid to work, who believed that they might be able to build their own lives, to become a part of the mainstream, even to excel. And now, with the changes in the Social Security Regulations proposed by the Administration, we are abandoning, destroying their principles, hopes, ideals. We are no longer going to encourage people who try to get ahead, those who are working but not earning enough to pay for the basic necessities of life. We have been helping them to help themselves without penalizing their children. Under the new regulations, the impact of the income cut-offs, even as revised, will be to eliminate the very people whom we should be encouraging, the people who are the backbone of American progress and prosperity.

Only the Congress of the United States can preserve our traditional American principles of reward for those who labor, who try to earn their braed. These who will be affected under the Regulations need help not because they are indolent or lazy, but because they do not earn einough to support their family and need a small assist from the government. The new Regulations crush the working poor and their children. The new Regulations are also contrary to the will and intent of the Congress of the United States, which placed a ceiling of $2.5 billion on this program last December. These new Regulations are intended to cut the program to $1.8 billion and impound funds without calling it impoundment. There are many other ways to attempt to save money—but not out of the hides of the people who can least afford it, and not when it is contrary to Congressional legislation.

I strongly urge that the Senate pass legislation which will maintain the Regulations in their entirety at the current level, which will aid those who, by the sweat of their brow, help themselves, and deserve our assistance, specifically, House Joint Resolution 434.

I am submitting to the Senate Finance Committee, as a part of my testimony, the Report of the Developmental Child Care Forum of the 1970 White House Conference on Children. Developmental child care was voted *the* priority of the 70's by the entire Conference delegates. The Forum called for 500,000 new spaces annually between 1970 and 1980, to begin to meet the crying need. It also called for quality child care. Congress passed legislation translating that mandate into reality. The President vetoed it. Now, the new Regulations decrease rather than increase both the quantity and quality of the way this nation cares for the children of its working mothers. It is time to look again at the recommendations of the dedicated and knowledgeable group who laboriously hammered out a desperately needed plan for America's children. The problem continues to grow at an increasing pace. We ignore it not only at the peril of affected children and their families, but at our own peril. What we do today determines much of what they become tomorrow. We need to increase day care, not decrease it.

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* Mrs. Lansburgh is currently President of the Maryland Committee for the Day Care of Children.

Day care is America's most promising instrument to solve America's most pressing problems. Day care reduces welfare. Day care promotes workfare. Quality day care is the single most effective institutional force to nourish, nurture and educate our children.

These are the very principles President Nixon campaigned on: an end to needless welfare; a national program of workfare; and keeping faith with America's traditional ideas and goals. Yet the Nixon administration in revising day care regulations and slashing day care budgets has, in a single act, broken faith with any hopes of realizing those goals.

The new Regulations shut out the working poor—the very people President Nixon claimed merited the most encouragement. The ones who have their own "workfare." Hundreds of thousands of children of the working poor will have to leave day care programs. Mothers go in and out of the work force according to the availability of day care services. Mothers no longer eligible for subsidized support will have to leave their jobs and go on welfare when they no longer can afford quality day care for their children.

The irony, the tragedy, the travesty of the situation cries out for justice. Congress cannot let this happen. We are not saving money—and we are certainly not salvaging human lives. We are decreasing day care costs just to increase welfare costs. We are not encouraging workfare by forcing mothers onto welfare. And we are not enabling children whose mothers are working to fulfill their potential or their civic duties by denying them the very benefits that middle-class children whose mothers are at home receives in kindergarten and nursery school.

Let's move away from this fallacious theory of economy and look at what day care provides in the purest terms of human development.

The explosion of research knowledge on early childhood development in the last decade can be reduced to eight principles justifying a massive national investment in day care.

One: A child's first six years are his most important, formative years. Here, his personality, his intellect, his outlook, his ability to love and hope or hate and despair are formed.

Two: The family is the most influential force. An exhausted mother, an absent mother, leaving her child without an adequate surrogate, can deeply damage personality and stunt intelligence. We must help preserve the family, help it to be financially independent and still meet its child rearing responsibilities.

Three: All growth is interrelated—physical, social, emotional and intellectual. Neglect of one aspect of development affects all other aspects.

Four: From inception through early childhood, critical periods occur affecting physical development. For example the brain is growing faster during pregnancy and the first 18 months of life than it ever will again, and the greatest increase in size occurs during this time. There is serious concern that malnutrition at this crucial time can result in irreversible damage—damage which could be prevented.

Five: A child's first years—even the years before verbal understanding—affect his personality, his attitude and aptitude throughout life. The infant who is not physically held because there is not enough individual attention, the child who is constantly rejected or neglected becomes permanently discouraged at best; brutalized at worst.

Six: Experience affects growth and development. The more a child touches, sees, feels, learns, the more his intellect is challenged, the more he grows in character and social response-ability.

Seven: Heredity and environment do interact. An optimum environment may not make a genius, but it can make the difference between a normal and subnormal intelligence quotient, can make the difference between a motivated, confident, contributing adult—or a passive, despondent, dependent one.

Eight: Growth is cumulative. The more a child is nurtured, nourished, educated and challenged, the more he will develop, build on skills, welcome life and responsibility.

These eight facts argue for the increase of day care. Quality day care is to nurture and nourish the child during his earliest, most formative years. Day care is a source of critical support to the working mother. Quality day care provides intellectual stimulation, a diversity of experiences, a warm environment encouraging a child to grow. Day care is above all else a proven positive force for civilization in the precise sense of the word—a place which reinforces a child's first understanding of civility, and civility is the key to citizenship.

A child who is nurtured and nourished can be an outstanding citizen. But neglect generates delinquency and dependency. Most civilized, developed nations realize this and provide state supported day care. America is desperately behind times. Clinging to the myth that we are a child-loving society, we encourage mass child neglect and pay the price later in taxes for prisons, drug and delinquency programs.

Developmental day care can be our best and cheapest chance to save an about-to-be-lost generation, to beat the welfare cycle and to equalize opportunity for our culturally deprived. Day care can prevent problems and correct unjust conditions. It is an extraordinary investment—*not* an extravagant expenses.

The new Regulations will cut day care costs and close day care centers, further decreasing the availability of good day care for middle-class families who can pay for it in full. In Maryland, we anticipate a 40% drop in enrollment in publicly supported day care due to the new Regulations. Centers, where over half the children receive public support, will close.

What will happen? In most cases, mothers will be forced to leave their jobs and go on welfare—ironically making their children instantly eligible for day care again. This I call the "yo-yo" syndrome. We're snapping our working poor from high hopes to low despair like yo-yo's on a string. But they aren't yo-yo's. They are human beings, slugging out a marginal existence, doing necessary work to maintain self-respect. How can we reward them by slapping them back into the mire, while we self-righteously denounce their indolence?

Some, of course, will not return to welfare, but unable to afford adequate day care, will turn their children over to warehouse sitters—the sick, the old, the alcoholic who will quote "watch children" in their homes.

Frankly, I prefer welfare to warehousing. A welfare mother is at least able to love and supervise and, perhaps, educate her child. The child left in the lifeless custody of a warehouse sitter is ignored, possibly starved and occasionally abused.

Yet welfare mothers or warehoused children will be the only choices for 40% of our supplemented day care users in Maryland, unless Congress revises the punitive HEW standards.

Congress must look at other revisions too. Quality controls have all but disappeared. The provision for parental choice and approval of day care centers is gone. A parent's concern is a spontaneous guarantee of what's best for his child. It has been abandoned. Further, interagency standards have been lowered. This invites warehouse conditions—programless centers, providing custody at minimal costs. Day care professionals agree that no day care is better than warehousing. Custody without plan or purpose diminishes human capacity. Interagency standards must be kept high. Leniency in this case is irresponsible laxness.

Finally, the failure to provide licensing funds is a serious, severe blow. Even our dogs are licensed! Is the government to deny the same protection to our children?

And there is no hope, except Congress. As head of the Maryland Committee for the Day Care of Children, I have met with both our Governor and Baltimore's Mayor. For every $1.00 Maryland received in revenue sharing, $5.00 in major vital programs were cut. Baltimore City is maintaining certain critical day care centers on re-shuffled Model Cities funds. But the choices are hard, and often tragic.

Maryland has 350,000 children of working mothers—almost 150,000—under the age of six. Of 4,665 children in day care supported by title IVA, 1,759 will be out July 1. And as always, the poor and working poor have the greatest need and fewest facilities. This is true throughout America. The 1970 White House Conference on Children recommended that government provide 500,000 additional day care spaces annually for a decade; a 100% funding for the poor, and sliding scale payments for low to lower middle income families. The 1970 White House Conference documented the urgent need. It's recommendations are as neglected as the children of our poor and working poor.

To conclude, I offer a case history and a challenge. It is the case or a working poor mother in California, a widow left without resources to raise three sons. She tried to run a small shop from her home, and failed. Forced to work outside her home, she left her youngest son in the custody of sitters. Soon, she noticed the lad had welts—he had been beaten. She tried another, then another sitter. One worse, more brutal or irresponsible than the other. Finally, foster care for a while she wanted him home, but there was no place to nurture a pre-school boy and provide peace of mind to the desperate mother.

Ultimately, the mother moved to New York. The boy—a latch key child by now—was withdrawn, a truant already showing pronounced personality disturbances, caused by a lack of proper care. No one cared for this boy. His mother couldn't. The State wouldn't. Until November 22, 1963, when this neglected child exploded his anger on his nation by murdering its President.

How many Lee Harvey Oswalds have we raised? How many are we raising right now? And how many more will we raise under HEW's new regulations?

The answer truly rests with Congress, and with this committee.

DAY CARE ELIGIBILITY SLASHED

(By Jerome W. Mondesire)

Approximately 1,000 families throughout the state will lose day care services as a result of strict new federal regulations, the Maryland Social Services Administration announced yesterday.

This cut represents 31 per cent of the 3,340 families now using day care services which are supported by federal and state funds. The number of children expected to be eliminated is 1,462.

The real impact of these drastic cuts has not yet filtered down to the individuals directly affected. According to high ranking state welfare officials, none of those families facing termination has been notified.

RULES EFFECTIVE JULY 1

Geraldine Aronin, assistant director for program planning and evaluation, said the department expected to begin notifying families about the cutoff within the next two weeks. She said the agency must move quickly since the rules become effective July 1.

Under the new rules, published in the Federal Register by the Department of Health, Education and Welfare last month, day care for children "must be" only for children who are mentally retarded, where the child's mother is incapacitated due to illness or death, or to allow the child's parents to work or accept job training.

This is a radical departure from past procedures, which allowed parents to place their children in state supported centers with very few restrictions for relatively nominal fees. More than 4,000 Maryland children are now enrolled in day care centers across the state.

At the Homestead-Montebello center, in the 3000 block Hillen road, for example, 90 children between the ages of 3 and 5 remain there from about 9 A.M. to 5 P.M. daily. Average fees for the parents are between $1 and $4 weekly.

The center plans to drop 14 children.

The children receive three meals each day and education. The parents of most of the children place them in the center while at work. Without this service, they would be forced to hire a babysitter which could easily siphon off a large chunk of their earnings.

In addition, the new rules now provide free day care for families with incomes up to 150 per cent of their state's poverty level. Families with incomes between 150 per cent and 233 per cent will be required to pay for day care on a sliding scale to be fixed by each state, subject to HEW approval.

Families with incomes above 33 per cent of their state's poverty level will now have to pay the full cost of day care. In Maryland, the poverty level listed by Health, Education, and Welfare is $2,400, meaning a family of four will have to pay part of the day care cost when its income reaches $3,600 and all of the bill when its income rises to $5,600.

Although the regulations do not curtail day care services for welfare recipients, they do limit them to those who either have been on welfare within the last six months (formers) or to those who might become recipients within the next three months (potentials).

Under the current arrangement, "formers" are defined as persons who have been on welfare within the last three years and "potentials" are those who could go on welfare within five years. Those persons who do not meet these new requirements can no longer receive subsidized day care.

"It is a combination of all of these changes which has lead to the cutback," said Barbara Schuyler Haas, chief of the division of day care for the Baltimore Department of Social Services.

"But it is the new income criteria which hurts the most," Mrs. Haas added quickly. "Those Families whose incomes are above the maximum level allowed for their category cannot receive day care under any circumstances."

Under the present system, a family of four did not have to begin paying for day care until its income reached $5,000. Which is $1,400 more than the level fixed under the new rules.

According to Mrs. Haas, the regulations would be a more "drastic blow" to those "single parent families with one or two children."

She explained that of the 521 Baltimore families who will lose day care, almost 70 per cent of them are from homes in which a mother is supporting one or two young children.

"These are the very mothers for which day care has meant the opportunity to go off welfare and find a job. But now these women will have to find some other alternative," she added.

Under the present system, a mother supporting a home with two children had to begin to pay some day care costs when her income reached $4,150. The new rules make her begin paying when her income reaches $3,012 and all of the cost when her income reaches $4,680.

According to city welfare officials, day care costs for each child in a large center costs an average of $8 a day and $70 a month for children placed in the homes of private individuals.

The state's day care programs last year cost approximately $7 million, of which 75 per cent was federal dollars administered by HEW. More than 50 per cent of the children enrolled are black.

MARYLAND COMMITTEE FOR THE DAY CARE OF CHILDREN, INC., 5801 SMITH AVENUE, BALTIMORE, MARYLAND 21209

FOR YOUR INFORMATION, MAY 10, 1973

New Regulations affecting social service programs, including day care services, were published by the Department of Health, Education and Welfare on May 1, 1973. They will take effect July 1, as published.

The Senate Finance Committee is now holding hearings on the effects of the New Regulations. In response to questioning May 7, Secretary Weinberger stated that the Regulations could still be amended to conform with Congressional recommendations.

Although an improvement over the Proposed Regulations published February 16, the New Regulations are still restrictive when compared with Current Regulations.

CURRENT REGULATIONS, JUNE 1969	PROPOSED REGULATIONS, FEBRUARY 16, 1973	NEW REGULATIONS, MAY 1, 1973
Child care provided must be suitable for the individual child, and the caretaker relative must be involved in the selection of the child care source to be used.	No comparable provisions.	No comparable provisions.
Progress is required in development of varied child care sources so as to give parents a choice in the care of their children.	No comparable provisions.	No comparable provisions.
Eligibility for services: may be provided to former recipients if they have received aid *within the past two years.*	Services may be provided to former recipients only if they received aid *within the past 3 months and only to complete the provision of services while they were still recipients (or applicants).*	Same as proposed regulations.
Potential eligibility criteria: likely to become recipients within 5 years; or	Likely to need assistance within 6 months as shown by meeting all of these criteria: income not more than 33⅓ percent above cash assistance payment level in the State; have a specific problem which will result in dependence upon cash assistance if not corrected by the provision of the service.	Same as Proposed Regulations, except 50% above cash assistance payment. (Additionally, families with incomes up to 233⅓ percent of the AFDC assistance standard for partially subsidized child care services.)
In kind resources or private funds donated to welfare agency could be used in claiming 3 to 1 match.	Eliminated use of in-kind or private funds.	Essentially the same as former regulations.
It is mandatory that day care be provided if it enables a mother to work or to receive training that will prepare her for employment.	Child care an optional service; may only be provided in the absence of another family member who can provide adequate care, and only for the purpose of enabling caretaker relatives to accept employment or training or to receive needed services.	Child care an optional service; may only be provided in the absence of another family member who can provide adequate care and only for the purpose of enabling caretaker relatives to accept employment or training or because of the death, absence from the home, or incapacity of the mother. Child care may also be provided for eligible children who are mentally retarded.
Goals—"to maintain and strengthen family life, foster child development and achieve permanent and adequate compensated employment."	Goals for which services may be given restricted to "self-support" and "self-sufficiency".	Same as Proposed Regulations.

IN SUMMARY

It had been estimated that nearly 50% of children currently in publicly supported day care services would become ineligible under the February 16, Regulations. The State Department of Employment and Social Services has estimated that the new Regulations would provide a reprieve for *only* 10% to 20% of these families. For example, a family of four (4) with an income under $3,600 a year would be eligible for free day care services; between $3,600 and $5,600 a year, a sliding scale would go into effect. At $5,601 there would be no assistance. Child care services would cost a minimum of $2,000 if 2 children need day care, reducing the income to the poverty level.

Secretary Weinberger has stated that the purpose of the New Regulations is to limit services only to the poor and not to extend them to the middle class. Between the two is a group who are not on welfare, but are trying to be self sufficient and to support themselves. These families, with marginal incomes, are the ones who would be deeply affected. Just above the poverty line, but not "middle class" in income, these families cannot pay rising costs for rent, food and other essentials. Many will be forced by these regulations to stop working and to accept welfare assistance.

Concerned citizens need to continue to be

vocal in order to preserve the quality of Day Care Services.

CUMBERLAND, MD.,
June 6, 1973.

Hon. CHARLES MCC. MATHIAS, JR.
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SENATOR MATHIAS: The enclosed report is in response to your letter of May 11 requesting information about the impact of the new social services regulations and the effect they will have on programs in Allegany County.

Your request and our reply was discussed at a recent meeting of the Allegany County Board of Social Services. Board Members were very interested in this report and, if you are in agreement, would like to make copies available to Senator J. Glenn Beall and Congressman Goodloe Byron.

We are very appreciative for your continuing interest and concern for our disadvantaged citizens.

Sincerely yours,
Miss ETHEL WILDERMAN,
Director.

NEW SOCIAL SERVICES REGULATIONS—HEW

Our reaction to the new Health, Education and Welfare regulations governing support for social services programs is one of both extreme alarm and disappointment. Over the years we have perceived the role of our agency as being the hub of social services in our community. We have seen changes, in recent years, in policy and regulations governing social services which have, in effect, reinforced this role. Separation of services from eligibility and the broadening of eligibility requirements to include potentially eligibles are two major policy changes which had given us the opportunity to expand and improve our services to those who were potentially eligible for them under the old H.E.W. regulations constitutes a professional commitment on our part not only to this group of people, but also to others with similar backgrounds and problems who may need our services in the future. Now we are forced to renege on this commitment as a result of the limitations placed on federal matching dollars for services to the potentially eligible under the new H.E.W. social service regulations. We know we can only continue to provide social services on a very limited basis to some potentially eligible under the new regulations. We are concerned, however, because the eligibility requirements for this category are so restrictive as to virtually eliminate many who most urgently need them.

Our agency has already experienced the impact of the new regulations. On April 16, 1973 we received a directive from the State Department of Employment and Social Services to discontinue services as follows: to all former and potential adult cases and to refuse to accept any such new cases, and to all former and potential Families with Children cases and to refuse to accept any new cases except (in the words of Title III of the Revenue Sharing legislation) ". . . 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 such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother etc. . . ."

As a result of this directive, we have needed to discontinue Homemaker Service to twelve aged people who were receiving this service on a potentially eligible basis. We are very concerned with this because in many of these cases Homemaker Service was needed in order to prevent institutionalization for these people. We firmly believe the services provided by the homemaker and the social worker helped to sustain many of these people so they could remain in their own home. Should termination of these services result in the need for nursing home care, the cost could be up to a maximum of $510 per month. It is difficult, however, to place only a dollar value on these services in terms of the meaning they have for each person, as institutionalization means a complete uprooting of elderly persons and there is no way to measure the emotional trauma that often results. We have also, due to curtailment, needed to discontinue giving any social service to 84 patients who are already in nursing homes.

We are also in the process of terminating services to potentially eligible AFDC families who are now ineligible as a result of the new HEW social service regulations. Although we feel this group of people desperately need continuing services, we must say to them that we can no longer help. We know from experience that there are low income families in our community not receiving assistance who need our services on a continuing basis in order to sustain themselves. Our inability to respond to requests for services from these families can, in our opinion, have very far reaching negative effects. For some, it may and can mean breakdown of the family to the extent that children may reach the point where they are neglected or deteriorate to the point where foster care is the only answer. Foster Care (at best only a substitute for own-home care) means not only damage to child, parent but cost-wise, foster care (depending upon type of care needed) ranges from $73 (Regular care for child under 6 up to $94 per month for child 12 or over; Special care in a foster home—$98 to $108 per month per child while a Purchase of Care (from a Child Care Facility) can range from $200 to $500 per month, per child, with most facilities now requiring the $500 rate. Purchase of Care is usually always indicated for the child with special problems or the older or adolescent child.

The average family maintained in own home (2 parents and 2 children) would average around $200 per month. (Each additional child would increase total grant to only an average of $24 more per month; another additional child $21 more per month, etc.—)

Same family with 2 children removed from the home and needing foster care could amount to as much as $160 to $1,000 per month (for the 2) depending upon the age and type of care the two children needed. Of course, the parents own needs are still not met as they are not included in this figure as this is representing the cost of foster care only.

As a modest estimate—based on number of cases needed to close recently—(using the upper care rate) we could assume that for example: 14 adults where institutionalization (Skilled Nursing Care) needed could mean a monthly cost of $7,140 as contrast to care in their own home while living in own home, the average grant would approximate only around $96 (slightly more if special diet needed).

If over 20 children needed foster care (Purchase of Care) a year as a result of our inability to continue service, cost could be as much as $10,000 per year.

These are only rough estimates as to possibilities and probabilities but it is likely that above noted costs could exceed anticipations and could well mount annually.

ANNAPOLIS, MD.
May 21, 1973.

Hon. CHARLES MCC. MATHIAS, JR.,
Senate Office Building, Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for your inquiry on the effect in our county of the new social service regulations and for your offer of assistance. We are just beginning to assess the situation and do not yet know what the full impact will be. However, it appears that:

(1) We can get no federal matching to provide any social services for aged, blind and disabled persons who are not public assistance recipients. In any one month we are now serving about 50 of these adults. who have small social security incomes and hence are not on welfare. But they do need help with homemaker service, making new living arrangements, getting medical care, locating relatives, etc. We must now tell them that because they are not on welfare no social worker can help them.

For example, Mr. and Mrs. M must be told that our Homemaker Service to them will cease at once. Mrs. M, 70, was in an auto accident and wears a back and neck brace. She also has cancer, and the doctor says she needs 75% rest. Mr. M also has cancer, suffered a loss of speech due to a stroke, and had a leg amputated in February 1973. He requires therapy once a month while Mrs. M. has therapy four times a week. They have no children or close relatives to help them. The services of the homemaker have enabled them to stay together in their own home. However; because their income of $248 a month is from Social Security rather than public assistance they are not eligible for homemaker service under the new regulations.

(2) We can get no federal matching funds to assist individuals and families to achieve an optimum level of well-being. If a family is receiving AFDC the social worker may only discuss employment and family planning. If she should try to help the couple with a marital problem or counsel their teenage daughter who is becoming promiscuous the social worker's salary will not be eligible for federal matching.

(3) We can no longer get federal matching funds to provide information and referral service to anyone in the community regardless of income. Traditionally the Department of Social Services has been the agency people in trouble turn to for information about community resources available to meet their needs. If the social worker who answers such inquiries does not restrict her service just to recipients of assistance her salary will not be federally matched.

The restrictions of the new regulations combined with the Revenue Sharing Acts limitation of only 10% of our social services to nonrecipients will make it impossible for us to continue the level of service our community has been accustomed to.

You can assist us by supporting H.R. 5626, by insisting that full appropriations be made under Title IVB of the Social Security Act and by pressing HEW to modify these new regulations.

Sincerely yours,
Mrs. ESTHER H. CARPENTER,
Director.

JUNE 5, 1973.

Hon. CHARLES MCC. MATHIAS, JR.,
U.S. Senate, Washington, D.C.

DEAR SENATOR MATHIAS: This is in response to your letter of May 11, 1973. I am sorry to have delayed in responding. I expect you have heard from others that the changes in the HEW Regulations were somewhat minimal.

The regulations are still so restrictive as to put in jeopardy many of the service programs which have been available not only to assistance recipients but to other low income families. For instance, even under the new regulations we will need to discontinue over 100 families receiving day care through our agency.

We have been providing detailed information to Secretary David Mason with regard to the effects of the regulations as revised. His office should be making this information available to you in the near future.

Sincerely yours,
Mrs. LOUISE R. MAKOFSKY, ACSW,
Director.

PRINCE FREDERICK, MD.,
May 30, 1973.

Hon. CHARLES MCC. MATHIAS, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for this opportunity to respond to your letter of May 14, 1973.

For many years, the Department of Social Services has generally labored under a rather poor public image. In most recent years, we have been able to effectively broaden programs and services to those in need and, consequently, in my judgment, have not only improved our image as a whole but more importantly have been able to assist many more people in fulfilling unmet needs, legitimate and vital to their own particular situations.

With the implementation of new Federal guidelines and State policy, the drastic curtailment, or in actuality, the discontinuance of services to all people who do not get direct financial assistance from local Departments of Social Services again results in a deterioration of public confidence in our abilities of performance as a service agency. Resultantly, adequate funds are not appropriated, staff is cut back, vital programs are lost, and a perpetuation of low income poverty level dependent people is continued with little or no means for them to rise above a class the government is trying to reduce.

Simply speaking, many people who do not fit neatly into the categories as defined by the Federal and State governments are forgotten and left to fend for themselves as best they can.

Recently, as directed by the State Department of Social Services, all people who were receiving services from this agency but not getting a money payment were notified that we could no longer continue services and advised them of their right of appeal. Many of these people live in nursing homes and many others are elderly people living in the community with Social Security their only source of income.

Three appeals were heard by our hearings officer last week and as to what impact the changes in current regulations are noticed in our social service efforts, the case situations as presented last week are typical.

The first case involved an 80 year old woman diabetic with heart trouble, high blood pressure and other serious physical handicaps. We had previously supplied her with homemaker services that included transportation to the doctor 15 miles distant, also transportation to the drugstore for medication, assistance with shopping, etc.

The second case involved a 72 year old man with two broken hips. Our services given by homemaker staff involved a situation similar to the above with the exception that his doctor is located approximately 50 miles from here in Washington, D.C. at George Washington Hospital.

The third case concerned a 67 year old woman who is trying to care for her 90 year old mother. Medical transportation, shopping, help with budgeting, etc. are again the essentials involved. Bearing in mind that Calvert County is quite rural with the Health Department, Vocational Rehabilitation, Court House, stores, doctors, etc. located in the central part of the county, I am sure you can appreciate the problems involved.

Yet to be heard from are people in the nursing homes who have no recourse in complaints of care given, no one to take them to the doctor for special examinations, occasional shopping for a new dress, etc., companion service, arranging for their families to visit, helping with discharges, etc.

As of this writing, I am now also advised that there is the probability that para-professional aides (Homemakers and SERVE staff) will not be able to even given supportive services with or for the Protective Service social worker in child neglect or abuse cases, unless those families, too, are on public assistance. This means that maximum supervision, assurance of medical care, transportation for same, etc. will be extremely limited.

I hope that this letter will be most beneficial to you in your efforts to sustain a seemingly forgotten group of citizens. On behalf of this agency and the people we serve, your interest and concern is greatly appreciated.

If I can be of any further assistance to you, please do not hesitate to contact me.

Sincerely yours,

ROBERT L. WALKER,
Supervisor.

CARROLL COUNTY DEPARTMENT
OF SOCIAL SERVICES,
Westminster, Md., June 14, 1973.

Hon. CHARLES MCC. MATHIAS, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: I am responding to your recent letter regarding the impact on the poor by the final Social Service Regulations scheduled to become effective July 1, 1973.

We find that these regulations are extremely punitive and will prevent services from going to many individuals and families that so desperately need Social Services.

In order to fully comment on these cutbacks it would take several letters. Perhaps we can speak to some areas that we feel are the most important.

"The prevention of social problems is preferred to the best treatment of social ills". It has only been since 1968 that public Social Service Agencies have been able to work in the area of preventive social services. The new regulations, by restricting and prohibiting agencies from working with the potentially eligible recipient, will prohibit us from working in the area of preventive Social Services. This factor is perhaps the biggest single set-back that we are faced with in implementing the new regulations. And it is impossible to assess the damage that will be done by eliminating meaningful preventive services.

Although Mr. Winebarger has stated that he has eased the provisions we have found this to be false. A few concessions were made in the actual regulations, however, when implementing the new regulations we find other restrictions that have the same effect. For example the Day Care Regulations were amended to allow working single parent families, mostly headed by a young mother, to continue to use our services. However the income restrictions placed on these parents will eliminate them even though they remain technically eligible for services.

In addition the proposed fee scales price Day Care out of the reach of these mothers who are really struggling to stay off Welfare to provide for their children. These single parent families need our Day Care services to remain employed. There is no reason why Government should not subsidize these families in order for them to be kept off Welfare and otherwise financially independent. It has been our experience that Day Care services have done more to keep mothers off Welfare than any other single social service. We must retain Day Care services as they were under the old regulations and even expand these services. So far we have only dealt with the financial impact of the new regulations concerning Day Care. Of equal importance or perhaps of more importance are the benefits derived by the child experiencing a Day Care Developmental Program. I assure you these benefits are great. Children caught up in poverty cycles must be allowed to utilize Day Care Centers for developmental services. The new regulations prevent poor children from utilizing day care services unless the need is work related. There are a few exceptions in the new regulations but these are of no great significance.

In Carroll County there were 50 per cent of those mothers who were out working every day to keep off Welfare will be prohibited from using our day care services. Many could be forced on Welfare or back on Welfare.

Another area hit hard in our County has been Homemaker Services to the potential recipient, the aging individuals and marginal families.

Carroll County has the highest percentage of persons over 65 of any County in the State of Maryland. We are prohibited by the new regulations and the 90–10 per cent restrictions from providing services to potentials. From continuing services to the aged who are slightly above Public Assistance standards. We have had to cut our homemaker service cases to the aged already. Economically this does not make sense as by utilizing Homemakers on a part-time basis in the home of these elderly sick individuals we have been able to keep many from going into very expensive institutions.

Senator Mathias, I am certain that you are aware of the trauma and hardships experienced by the aged when they are uprooted from their homes, community, families, and friends, and are placed in nursing homes and institutions. I believe that you are sympathetic to the needs of our elderly. I also believe that you feel as I do, that we have an obligation to our elderly to help them live their last years in some semblance of comfort and with dignity. The new regulations will prevent many of our elderly from doing just this.

Legal services have all but been eliminated by the new regulations. Our experience has shown that if legal services are available to the poor many would never become Welfare recipients. Adequate legal services for the poor must be restored. I believe that over a period of time, 10 to 15 years, legal services for the poor will more than pay for itself in dollar terms, not to mention the human benefits that will be derived.

Other specific programs eliminated or severely restricted are, summer camps for poor children, developmental programs for poor children, unmarried parent programs, marriage and family counseling services, and parent-child counseling to name a few.

The new regulations added to the amount of red tape and paperwork. Under the previous regulations if persons or families were eligible for Welfare payments they were also eligible for social services. The new regulations require us to conduct separate and additional service eligibility investigations for Welfare recipients. This is totally unnecessary and adds greatly to the administrative expenses and paper work. This requirement has the effect of negating skilled and experienced service personnel to the role of clerks and paper shufflers.

In summary, the new regulations severely restrict Day Care Services, Homemaker Services, Services to the Potentially Eligible Services to the Aged slightly above Public Assistance income levels, services such as marriage counseling, parent-child counseling, unmarried parent services, and the many developmental programs for poor children.

The increased paper work required by the new regulations adversely affect the client and the social worker.

We urge you to support legislation such as SB 1220 and the several Bills eliminating the 90–10 per cent of HR 1. We also urge you to do everything possible to delay the July 1st effective date until legislation can be passed to negate the new regulations.

Sincerely yours,

LOWELL T. HAINES, ACSW,
Director.

CHARLES COUNTY DEPARTMENT OF
SOCIAL SERVICES,
La Plata, Md., June 4, 1973.

Hon. CHARLES McC. MATHIAS, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: The Charles County Department of Social Services deems it important to reply to your letter of May 11, 1973 regarding the April 26th Federal regulations. With the advent of the Federal regulations all agency services have been affected, some to a greater degree than others. The following are indicative of how we have had to effectuate changes in our services:

Legal Services were being provided to those persons in the community that meet the eligibility requirements for a medical card. We must now deny the requests being received from this segment of the community. No longer can they receive needed legal assistance for such matters as consumer-contract difficulties, domestic affairs, housing problems, etc.

We can no longer provide services to former and/or potentially eligible Adults and Families with Children, nor can we under the new guidelines accept any new cases in these categories. During the past thirty days we have had to terminate our services to 30 of 321 families. Services were also terminated for 22 of 124 Adults.

The SERVE I staff has had to discontinue their services to non-public assistance cases and persons eligible for a medical card. This service was meeting an acute need within our rural county for transportation to community and medical resources. The well-being of many persons can be directly attributed to services provided through the SERVE I project. Because of the resulting cutbacks, it is felt that the SERVE positions are most vulnerable. The abolishment of these positions will see persons who have found an alternative to the "welfare rolls" once again forced back into the financial dependency of public assistance.

Homemaker Service has been ceased to all persons who do not receive public assistance. Those cases terminated have most directly affected the elderly—those who with their social security incomes teeter on the borderline of eligibility for public assistance. Those requests coming from the community must now be denied.

During the past several years the Social Services staff has developed much skill in working with low income families. This skill has prevented many families from needing financial assistance and has improved family life and increased the employment potential of their children. Limiting Social Services to only recipients of public assistance deprives many people of the skilled assistance developed at the expense of Federal and State dollars. It may be noted that studies have shown that Social Services to potential recipients yield a greater economic return on dollars spent.

We have just started a number of Services during the past few years, these Services are just beginning to be beneficial both to clients and the community. Continuous "on again"—"off again" approaches to helping people not only create false hope for the "hopeless" but also extremely increase the Administrative costs of "tooling and re-tooling" of programs and personnel.

We feel that the present Federal Curtailment of Services will cause many honest people in need to suffer and will cause those families and/or individuals who could have been helped and want to be helped to be forced toward public assistance and will cause our community to loose much of the productive results of effective social services.

Finally, you may be able to help with another matter: with all of the cuts in services and in spite of the available Revenue Sharing Funds increasing local revenue, our Food Stamp Program face the immediate threat of termination due to very inadequate local appropriation of Administrative Funds.

We reasonably estimated a need of $70,000 to administer our 1.6 million dollar volume of food stamp sales. We received only $32,000 for F.Y. '74. Our current cost of operation is over $45,000. The Federal-locally funded arrangement just is not working.

Thank you for your active interest. If we can be of any further assistance, please contact us.

Very truly yours,
B. L. ROBINSON,
Director.

CECIL COUNTY DEPARTMENT
OF SOCIAL SERVICES,
Elkton, Md., May 23, 1973.

Hon. CHARLES McC. MATHIAS, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for your letter of May 11, 1973 and most of all, thank you for your interest in how the H.E.W. Regulations are affecting the agency.

Our concern is that the new regulations will curtail even more the preventive services that have been almost terminated by the 90%–10% features of the Revenue Sharing law. To what degree this will be true, we will not know until our Social Services Administration decides how the regulations will be implemented in Maryland.

As you know, it is so much more effective to try to prevent problems than to handle the situation after family or individual breakdown has occurred, to say nothing of what prevention means to the total community. As matters now stand we can do very little about providing preventative services to clients, and therefore to the community. This concerns us greatly.

Any legislation to revise this curtailment would mean much to the people of the State of Maryland. Senate Bill 1220, HR. 3819, HR 5–626 through 5–629, if passed, would serve this purpose.

We urge you to support these bills.

Sincerely yours,
MRS. LOUISE H. GILLIAM,
Acting Director.

GARRETT COUNTY DEPARTMENT
OF SOCIAL SERVICES,
Oakland, Md., June 11, 1973.

CHARLES McC. MATHIAS, JR.,
U.S. Senator,
Washington, D.C.

DEAR SENATOR MATHIAS: This is in reply to your recent letter asking for our comments regarding the effects of Federal cut-backs on social services programs.

Services to persons receiving some levels of nursing care, who do not receive a monthly personal allowance check from this agency, have been closed for service as a result of the recent changes. These persons are usually residents of nursing homes and we had their cases open for service to help them with letter writing, locating relatives, protecting their interests, and visiting occasionally so that they had some contact with the world outside the nursing home.

Our homemaker service to adults and to families was reduced because several families and adults did not meet the Federal requirements.

Services to single parents, other than family planning, are no longer available to non-public assistance cases.

All services to families with children who qualified for service in the past because they were either former recipients or were potentially eligible for assistance, are discontinued now.

The Project Serve staff aides are no longer allowed to perform useful and meaningful services to non-public assistance cases.

It is somewhat difficult at this moment to know what the total effect of these cuts in services will be. Certainly, those who have been dropped have been hurt. Those who will come to us in the future that we must turn away will not understand why we cannot ship them. Explaining that a particular set of circumstances keeps one from receiving a service while his neighbor might qualify for the same service because he receives Federal money, will nto solve the first man's problem. In all likelihood, he is a marginal wage earner, but keeping off public assistance, and contributing his tax dollar to make the service available to his neighbor.

Most of our staff members have had years of experience performing services for persons in need. Several employees have earned Masters Degrees in Social Work. Today we find ourselves overcome with forms, calculations, records, and most of all, justifying our very existence to the Federal Government. No matter how automated our world becomes, it will always take social workers to sit down with a troubled individual, sort out his problems, and help him to take the necessary steps to attain his goal.

It appears that the professionally trained social worker with his special knowledge about service to people is being challenged to prove that what he does is worth spending the money for. We are being asked to show in dollars and cents what the benefit of a particular service will be. Who knows how to predict the cash value of getting a sick child to a medical center for evaluation? How can one tell what it means to a young mentally retarded man to learn to read when he has never been able to do that in his twenty-some years of life?

Service to people has taken a back seat to statistical accounting and it will spawn a dehumanizing condition that no one will be able to justify if it continues.

Sincerely yours,
W. PERRY SHAFFER.
Supervisor of Services.

KENT COUNTY DEPARTMENT OF
SOCIAL SERVICES,
Chestertown, Md., May 31, 1973.

Hon. CHARLES McC. MATHIAS, JR.,
U.S. Senate,
Washington, D.C.

DEAR MR. MATHIAS: I appreciate your interest in having my reactions as to how the new regulations governing federal support for social services programs will affect our County. I have delayed responding to your letter until I had a better understanding of the regulations and how Maryland will use the 10 percent available for services to non-recipients of public assistance.

Presently all services to two groups of non-recipients, our Adult Services and Services to families with Children have been terminated except to those people receiving assistance grants. The 10 percent available for non-recipients is entirely used up with our Protective Services to Children and Foster Care Programs. This means, that although technically under the new regulations we could offer services to those in the two former groups who were potentially eligible for assistance, there are not funds to do this. It means that we have had to discontinue such services as: homemaker or transportation to aged or disabled people whose income is barely adequate to meet the very low assistance standards in this State. Many of them have medical care cards and buy Food Stamps but are still not eligible for services. People in intermediate care homes often need services but are not eligible unless they are receiving a money grant from us.

The discontinuance of services to Families with Children who are not receiving a grant means that we cannot offer to the low income family (usually with a single parent) the opportunity to have help in getting to and using the resources that are available to deal with health, child care, housing, employment or training and family functioning problems

that exist. It appears that the absence of these services is already showing up in the increased number of Protective Services referrals we are receiving from the community. At that point, we can give service, but it seems unfortunate that the situation has to get so bad that suspected neglect is reported before the service is available.

We do not have a Day Care Center program in this small rural County so we have not felt the impact of the loss of some of these services that larger communities have experienced. This does not mean, however, that we do not need adequate Day Care Services for many children. The families are scattered and day care here usually is done by relatives or neighbors—sometimes in very inadequate situations. We have a few licensed Day Care homes, the Department of Health is working on licensing a few specialized Day Care Centers.

The discontinuance of Legal Aid except in relation to employment makes our recent Judicare Program of almost no use to the relatively small number of people who have used this service.

My personal opinion is that the services that this Department renders should be available to anyone in the County who needs and requests them in the same way the services of the Health Department are available to County residents. If the applicant for such services can afford to pay for them he should be charged a fee on a sliding scale dependent on his income. The arbitrary discontinuance of service to people because they are not receiving a public assistance grant is not meeting the community's needs, particularly in a County such as Kent where there is no private agency performing these functions.

I would like to write you later when the full impact of the new regulations have become effective and I have more specific knowledge of the effect of the curtailment of some of the programs.

Sincerely,

Mrs. MARGARET W. HERRING,
Director.

SOMERSET COUNTY DEPARTMENT OF SOCIAL SERVICES,
Princess Anne, Md., May 21, 1973.

Re Federal regulations governing support for social services.

Hon. CHARLES McC. MATHIAS, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for your interest in the effects of the reduction of Services to the people of Somerset County.

We are a rural county without private agencies to offer services to people. For many years we have been the social agency meeting the needs of the people of this county. For lack of other resources perhaps we have tried to offer more in service to people than is true in other areas. We believe that the services that we have offered have been important to the health and well being of people.

The present restrictions affect us in the following way:

(1) We are no longer able to offer services to those people in nursing homes who do not receive a direct money payment from us. This meant the closing of fifty-seven cases. The kinds of services that we had provided have included work to establish an auxiliary group to be interested in the total needs of the nursing home. Through work with this group it has been possible to furnish color television for the patients and furnishing for one patio for use in Summer.

Direct work with the nursing home patients has been to provide contacts with relatives, work toward planning for care when nursing home is not needed and transportation by Aides to dentist and ophthomologists.

(2) Single Parent Service is no longer available to young persons who are not recipients of assistance. This needed counseling service has been available to all until this time. Twelve cases had to be closed. Referrals had come to us from Health Department and from School Guidance counsellors. There is not other agency offering this service.

(3) Service is no longer available to persons, not recipients of Federal categories of assistance. This has meant that for persons dependent upon Social Security Benefits who are recipients of Food Stamps and Medical Assistance, we cannot continue services. Most often these services had been to help with home making, transport to grocery shop and to doctor's offices and to help to find better housing. All of these services are important. For many elderly or ill persons who live alone they have seemed essential, but unfortunately they are no longer possible.

We want to thank you again for all your efforts in behalf of the needs of the people of Maryland.

Very sincerely yours,

Miss ELIZABETH W. HALL,
Director.

WASHINGTON COUNTY DEPARTMENT OF SOCIAL SERVICES,
Hagerstown, Md., May 30, 1973.

Hon. CHARLES McC. MATHIAS, Jr.,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MATHIAS: Thank you for your letter of May 8th in which you asked for reactions to the new regulations governing federal support for social service programs.

The regulations are extremely complex. Much administrative time will need to be spent in securing interpretations of what the regulations mean. Staffs will then need to be trained. There is not sufficient time allotted to put the regulations into effect. They continue to be very punitive in their whole thrust, in that they are geared to reducing social services because of the requirement of a social service plan for each individual.

We are particularly distressed in Washington County that we have had to stop rendering social services to patients in nursing homes whose care is paid for from Medicaid. There are in excess of 350 patients in nursing homes in Washington County. We can expect the number of patients will increase significantly during the next year. For example, Avalon Manor in Hagerstown is building a large addition. We have had to remove three workers whose job it was to visit the patients to help in planning for their care and in developing meaningful contacts with relatives and friends.

These workers administered to the social service needs of sick and lonely people who are set apart from the community. We are trying to maintain a program of volunteers to visit and help with the social service needs of some of the patients. However, it is wrong to expect that unskilled volunteers will be able to skillfully serve a patient who manifests great emotional problems about dying or to handle any of the other personal problems that arise. We are fearful that the lack of social services for such persons may lead to abuses. The history of nursing care facilities throughout the United States is filled with instances of abuses developing and I feel that society owes something to these people so they will not be taken advantage of.

I am taking the liberty of including a copy of a letter which all Directors in Maryland received regarding the impact of the new social service regulations on Day Care in Maryland. I think this information is as complete as you can get for the total State.

I hope this gives you some information you can use in bringing about a more realistic approach to the funding of social services through federal sources.

Very truly yours,

FRANCIS J. CONNOLLY,
Director.

WORCESTER COUNTY DEPARTMENT OF SOCIAL SERVICES,
Snow Hill, Md., May 21, 1973.

Hon. CHARLES McC. MATHIAS, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MATHIAS: Your letter of concern about the impact of changes in current regulations in Social Services is greatly appreciated. At the time the regulations were first publicized, I prepared a letter to Congressman William O. Mills showing the effects of the regulations on our current program. I am enclosing a copy of that letter and will be glad to elaborate further should you have any questions.

Again may I thank you for your concern and continuing interest and efforts in assisting this department in it's attempts to offer services to the constituents of this state.

Very truly yours,

BAINE YATES, ACSW,
Director.

APRIL 12, 1973.

Hon. WILLIAM O. MILLS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MILLS: Thank you for your interest and response to our telegram regarding the proposed Social Services regulations. At that time we requested an extension of hearing dates so that we could adequately assess the effects on our individual agencies. While this was not granted, it is still subject to change and pending legislation by Congressman Reid and Senator Mondale, could affect the total outcome.

Since requesting your aid, I have been able to determine how the proposed regulations will affect our county office. As you are aware, this county is extremely small with a total population of approximately 25,000, of which approximately 1,000 persons are receiving financial aid, and approximately 2,000 persons are enrolled in the Medical Assistance Program. Under the proposed regulations, it would be impossible for us to offer any services to the 2,000 persons receiving Medical Assistance and those under the poverty scale. Service to those receiving financial aid would be so sharply curtailed and lost under the mountains of red tape proposed that actual direct client services would nearly cease to exist.

Already we have had to cease services to those patients in nursing homes. This service was mandated in the Medicare Act of 1966 and in 1972 this mandate was rescinded, though left to the discrepancy of the states. Under the new HEW regulations this will not even be optional. For this county only 30 people are covered, but these aged are powerless and voiceless, not only to their rights but even to the outside as most of them have no family. To offer services to them we have had to allocate ½ of a worker's time which would amount to approximately $5,000.00 per year, of which the federal government assists the state on a 75–25% matching. Without this matching these services cease to exist.

Protective Services for children are mandated by state law and by HEW regulations. However, the HEW regulations will limit up to 10% of our cases being potentially eligible. Yet 95% of our cases are not assistance families. Again one-quarter of a worker's time is allocated in our small department under the same matching as previously noted. Again regulations or provisions put a limit on the number of requests we will receive for the protection of children due to funding available.

Adoption Service could cease to exist as there is no provision allowed for the licensing and approving of homes. Yet over the past few years we have placed children so that they would not grow up in foster care, a great expense to them emotionally, and greater expense to the taxpayer financially. ($90 per month for 18 years). Without licensing of adoptive homes while leaving

children in foster care, the families who wish to adopt have no choice but to return to a black market adoption, neither of which is desirable.

Foster Care of children would only receive federal financial assistance if the child is court committed, yet there are many cases requiring temporary care due to family illness which makes this point unwise and unnecessary. At the same time there is a backlog in Juvenile Court which involves several weeks waiting before a hearing can be scheduled. Any services during this time would not be eligible for federal funding. It would also require frequent court hearings as temporary foster care would require a cout order for placement and the return of the child. While foster care services is mandated for AFDC children, again there is no service allowed for the family, particularly for home finding. How do you place a child in a foster home unless you have a foster home? Again this agency uses approximately one-half of a worker's time for this service of home finding and meets the federal matching as above noted.

Family Day Care service is first and foremost a means of licensing homes to meet state standards for the child and again there will be no federal assistance in licensing procedures. Yet WIN requires some provision for the care of children for a WIN enrolled mother during school vacation, holidays, sickness, etc. Without homes how do we offer this? Then the AFDC mother who is able to leave the welfare roll, with supplementary Day Care, is only eligible for such for three months after which she loses her potentially eligible status. At this point she is faced with usually one choice; to quit her job in order to take care of her children. To support them she must go back on assistance. Federal Day Care licensing involves approximately one-half of a worker's time in this agency.

Services to the AFDC mother will be limited toward planning, toward being self supporting and self sufficient. At no time could we offer her counselling in how to raise her children in the absence of the father. Yet 95% of the work received for services in this area comes from mothers who want help in handling their children's problems with school, peer groups, etc. If the regulation can not be extended, we will not be able to offer this valuable service. Again only one-half of a worker's time is allocated for this service.

Recently we initiated Homemaker Service which is designed to teach home management and child care to AFDC mothers and to offer outreach service to the ill and disabled. Many of the families are under the poverty scale but just barely above Welfare payment level, thus they would no longer be eligible for Homemaker Service. We would no longer be able to offer them assistance in obtaining groceries, meeting medical appointments and at times having a hot meal twice a week. One-half of our Homemaker's time we had planned to use for those potentially eligible.

Nearly all of our Single Parent Service cases would be classified as potentially eligible. For these persons we could offer services under the new regulations for three months. However, pregnancy is usually a nine month proposition. Service to these clients is also limited to the 10% potentially eligible clients. Must we ignore the request of a 14 year old pregnant girl for help in solving perhaps the biggest problem in her life?

Already legal services to the potentially eligible have ceased, and under the proposed regulations legal services to all of our eligible clients will cease to exist. Thus 10% of our county's population will not have access to defense of their legal rights in any civil matter.

I am very concerned about the curtailment of these services to the residents of this county and constituents of your district. While they are not great in number, the assisting of one client in any of the above programs can merely not have the price tag attached to the value of a human being suffering. Yet to continue offering these services at present levels would mean, state and county would have to absorb the present 75% federal matching of four worker's salaries which would approximate an additional $30,000.00 of state and county monies, on already strained budgets. We have heard rumors of a Social Services Revenue Sharing Act, designed to assist state and local governments in meeting this additional cost. Such a bill has not been presented and I believe, if an on-going program bill, would have little chance of passage. It would likely take a year or longer for such to become in effect. In the meantime what happens to my clients? While I realize it is not in your party's legislation, I must ask that you seriously consider support of Congressman Reid's bill in lieu of any change of Mr. Weinberger's proposed new federal regulations.

Thank you for your consideration of this rather wordy response to your offer to ascertain that programs supporting federal assistance will not demise.

Very truly yours,

HAINA YATES, ADSW,
Director.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has now been yielded back.

The question is on agreeing to part 3 of the committee amendment.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Montana (Mr. MANSFIELD), is necessarily absent.

I further announce that the Senator from Iowa (Mr. CLARK), and the Senator from Delaware (Mr. BIDEN) are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) is necessarily absent.

The result was announced—yeas 84, nays 11, as follows:

[No. 241 Leg.]

YEAS—84

Abourezk	Fong	Montoya
Aiken	Fulbright	Moss
Allen	Gravel	Muskie
Baker	Gurney	Nelson
Bartlett	Hart	Nunn
Bayh	Hartke	Packwood
Beall	Haskell	Pastore
Bellmon	Hatfield	Pearson
Bentsen	Hathaway	Pell
Bible	Hollings	Percy
Brooke	Hruska	Proxmire
Buckley	Huddleston	Randolph
Burdick	Hughes	Ribicoff
Byrd, Harry F., Jr.	Humphrey	Roth
	Inouye	Schweiker
Byrd, Robert C.	Jackson	Scott, Pa.
Cannon	Javits	Sparkman
Case	Johnston	Stafford
Chiles	Kennedy	Stevens
Church	Long	Stevenson
Cook	Magnuson	Symington
Cranston	Mathias	Taft
Curtis	McClellan	Talmadge
Dole	McClure	Tunney
Domenici	McGee	Weicker
Dominick	McGovern	Williams
Eagleton	McIntyre	Young
Eastland	Metcalf	
Ervin	Mondale	

NAYS—11

Bennett	Griffin	Scott, Va.
Cotton	Hansen	Thurmond
Fannin	Helms	Tower
Goldwater	Saxbe	

NOT VOTING—5

Biden	Clark	Stennis
Brock	Mansfield	

So part 3 of the committee's amendment was agreed to.

The PRESIDING OFFICER. The question now is on part 4 of the committee amendment.

Mr. LONG. Mr. President, this matter has been voted upon before, and I think it would be just as well to vote on this matter by voice vote. I see no point in debating it. This is the expenditure ceiling and impoundment procedure measure that was passed by the Senate previously, known as the Ervin amendment. The Senate voted for it before. I have no doubt that the Senate would vote for it again. I assume that Senators will all maintain their positions which have been expressed previously.

I yield back the remainder of my time.

Mr. BENNETT. I yield back the remainder of my time.

The PRESIDING OFFICER. All the time having been yielded back, the question is on agreeing part 4 of the committee amendment.

Part 4 of the committee amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, at the request of the distinguished Senator from Illinois (Mr. PERCY), I ask unanimous consent that Hannah McCornack be allowed the privilege of the floor during the debate on H.R. 8410.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, I ask unanimous consent that my legislative aide, Marilyn Koester, may be on the floor during the voting.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia (Mr. ROBERT C. BYRD) is recognized.

Mr. ROBERT C. BYRD. Mr. President, I yield to the Senator from Indiana.

Mr. BAYH. Mr. President, I ask unanimous consent that my staff assistant William Heckman be permitted access to the floor through the vote on the ADR amendment, which I will propose shortly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 28, between lines 5 and 6, insert the following:

PART G—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 260. (a) Section 202(d)(8)(D) of the Social Security Act is amended by striking out clause (ii) thereof.

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

Mr. ROBERT C. BYRD. Mr. President, this amendment will correct an inequitable provision under the existing social security laws.

Under this existing provision, children who are adopted by disabled, or old age, beneficiaries of the Social Security Act, are denied child's insurance benefits. If the child enters the adoptive home after the wage earner has become entitled to benefits, the child can never qualify for children's benefits, as part of the adopting wage earners' famliy. This is true, even if the child is not born until after the wage earner has become eligible for benefits.

I am advised that my amendment will primarily benefit grandparents, who have adopted or will adopt a child to provide that child with a stable home environment, after the child has been either born out of wedlock, or into an extremely troubled or unstable home situation. In such cases the grandparents are ineligible for public welfare for support of the child, and in most cases, the only source of support for the child is the adopting parents' social security check.

Mr. President, I do not believe that when grandparents, or others display the god faith and human kindness in trying to provide a child with a stable environment and a decent home life, that they should be penalized by this provision of the Social Security Act which denies them the children's benefits to which they would otherwise be entitled. Therefore, I urge passage of my amendment, which will, if enacted, rectify this situation.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from Gail Falk, staff attorney, Legal Aid Society of Charleston, Charleston, W. Va., dated March 21, 1973, calling attention to this inequitable provision.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LEGAL AID SOCIETY OF CHARLESTON,
Charleston, W. Va., March 21, 1973.

HON. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: I am writing to call to your attention an extremely inequitable provision of the Social Security Act.

Under the Social Security Act as it presently stands, a deserving group of children are denied child's insurance benefits. These are children who are adopted by disabled or old age beneficiaries of the Social Security Act. If a child enters the adoptive home after the wage earner has become entitled to benefits, the child can never qualify for child's benefits as part of the adopting wage eraner's family. This is true even if the child is not born until after the wage earner has become eligible for benefits. This is true even though natural children born to the wage earner after the wage earner has qualified for benefits are entitled to child's insurance benefits.

Our office recently handled the case of Marion P. Morris, of Whitesville, West Virgina, which challenged the validity of this provision. The enclosed news story, from the *Raleigh Register*, will provide you with further details concerning the Morris family's situation. The U.S. Supreme Court recently declined to review the constitutionality of the Act's discrimination against adopted children, thereby leaving to Congress the burden of correcting this discrimination provision.

Prior to, and in the course of litigating the *Morris* case, our office has been contacted by numerous other West Virginia families who have suffered from the same provision. In addition we have received inquiries from attorneys in other states who also represent clients discriminated against by the same gap in the law. In virtually all the cases of which we have knowledge, the adopting parents are grandparents. In these cases an inquiry will show that the grandparents adopted the child in order to provide him or her with a stable home environment after the child had been born out of wedlock, or into an extremely troubled or unstable home situation.

Furthermore, in these cases the grandparents became inelegible to receive public welfare for the support of the child after adopting the child. Thus, in most cases, the only source of support for the child is the adopting parents' Social Security Check.

The only argument ever advanced in the course of Congressional debate in defense of this discrimination is that providing benefits might encourage adoptions for the purpose of "abuse." However, in the many court cases which have challenged the arbitrariness of this provision, no question has ever been raised as to the good faith and humane motivation of the families who have been denied benefits for their adopted children.

The situation of discrimination against certain deserving adopted children could readily be corrected by repealing Section 202(d)(8), or by repealing Subsection 202(d)(8)(D)(ii), of the Social Security Act.

If our office can be of assistance by providing further information on this matter of concern to many of our clients, please do not hesitate to contact us.

Very truly yours,
GAIL FALK, *Staff Attorney.*

Mr. ROBERT C. BYRD. Mr. President, I have discussed this amendment with the distinguished manager of the bill and the distinguished ranking member of the committee. I hope that the managers will accept my amendment.

Mr. LONG. Mr. President, I believe that the kind of case mentioned by the Senator has considerable merit. Last year as part of H.R. 1, Congress enacted important amendments liberalizing the treatment of adopted children under the social security program. Perhaps we should have done more. I am willing to take the Senator's amendment to conference to see what we can work out.

Mr. ROBERT C. BYRD. I thank the Senator. I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

Mr. BENTSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. BENTSEN. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

At the end of section 212 of the bill, add the following new subsection:

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

Mr. BENTSEN. First, Mr. President, I wish to commend the chairman of the Finance Committee for his work in bringing this measure to the floor with important protections for the aged, blind, and disabled appended to it.

When we passed H.R. 1 last year, we included the important concept of a national minimum income for some of our elderly and handicapped citizens, replacing the variety of State programs and assistance levels then available to them. However, we have discovered in the intervening time that, for a number of reasons, thousands of these Americans could conceivably suffer cuts in income when the new SSI program goes into effect next January. Under the leadership of the chairman, the Finance Committee has substantially corrected that situation.

The amendment I offer today is directed at a special problem in my own State, which threatens to remove several thousand persons from medicaid coverage if it is not adopted.

Texas may well be unique among the States in having constitutional problems in appropriating State funds, without Federal matching, to care for the needs of the aged, blind, and disabled. A provision of the Texas constitution says that no State funds can be appropriated for these purposes uness they are "matchable out of Federal funds." The State attorney general's office has interpreted that provision to mean that the SSI payments, which go directly to individuals and not to the State, cannot qualify as Federal matching money.

Most of this problem was alleviated when the committee raised the minimum income levels from $130 to $140 for single persons and from $195 to $210 for couples. Over 60,000 persons in my State who would have suffered will now have no reduction in benefits.

But even at the new levels, some problems remain. Some 13,000–14,000 citizens have incomes above the new payment levels, and they will have to be removed from eligibility for medicaid if the bill passes in its present form. That is because section 212 of this bill makes it mandatory for States to supplement Federal SSI payments on the penalty of losing all their Federal medicaid money if they do not do so.

Of course, that would offer my State

a most painful choice. It could, on the one hand, remove these 13,000 to 14,000 from eligibility for medicaid because their income is somewhat above the payment levels and the State is constitutionally prohibited from supplementing up to the new levels, or could keep them on the medicaid rolls and it would then have to forfeit all of the Federal money it receives for all medicaid recipients in the State.

I should add that the State legislature has attempted to remedy this situation. The State legislature attempted to appropriate State funds to take care of some of the needs of people made eligible by the SSI program; however, they were told by the Attorney General's office that such a move would not be constitutional, since no Federal funds would be matching State appropriations.

I should also add that there was an attempt to repeal this entire section of the State constitution, but it failed in an election in May 1971. In addition, there will be a constitutional convention next year, and the State director of public welfare is convinced that this provision then will be removed from State law.

My amendment is very narrowly drawn and says that the mandatory supplementation provisions of this bill will not apply to a State, but only on two very limited conditions: first, the State constitutional prohibition against supplementation must have been in existence prior to July 1, 1973, and second, the State Attorney General or other appropriate State officials must have made a finding prior to July 1, 1973 that State supplemental payments would not be possible because of the constitutional limitations.

I believe there are sufficient safeguards in this amendment to insure that there will be no abuses. My State has made efforts to overcome this constitutional difficulty, and I know that in the next year serious efforts will be made to correct it.

I am hopeful that the manager of the bill can accept this amendment.

Mr. BENNETT. Mr. President, I was part of the discussion of this problem in committee. I recognize it is an unusual and unique problem affecting only the State of Texas and it is caused by the constitution of the State of Texas. I am delighted that the Senator from Texas found a solution for the problem.

However, for the record I have to say that I think this is not the bill on which the amendment should be offered. I realize that it will be agreed to, but to keep my amateur status I will have to indicate my opposition to the amendment on this bill, although I do support the proposal.

Mr. LONG. Mr. President, in view of the statement of the Senator from Texas, I do not think there will be more than a relatively small number of cases of individuals in Texas who would have difficulty complying with the committee amendment. Unfortunately, Texas has an unusual constitutional problem that does not exist in other parts of the country. As much as the legislature and the Governor of the State might wish to take the appropriate action, it looks as though it may be beyond the capacity of the State legislature and the Governor to provide the cooperation this bill would require in complying with the mandate the Senate has adopted. Unless we can work out a better answer, I think we should agree to the amendment, which will solve the problem.

Mr. President, I yield back the remainder of my time.

Mr. BENTSEN. I thank the Senator. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

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Mr. FANNIN. Mr. President, I must protest the manner in which this extremely important legislation to increase the national debt limit has been handled.

Amendments have been proposed which are unwise or irresponsible, or both. These amendments are being loaded into this bill because their proponents know that the President cannot possibly veto the legislation.

The amendments are not germane, and I feel that we are following extremely poor legislative procedure.

For this reason, I am voting against every amendment although there are several amendments, such as the one to postpone the effective date of proposed social services regulations, which I support under proper procedures.

The amendment to increase social security benefits by 5½ percent is a good example of the attempt by some Senators to railroad through an amendment which is not germane to the bill and which has not had the full consideration such an important act should have.

Mr. President, there is not a Member of this Congress who would oppose raising social security benefits by 5.5 percent if that alone were the issue. Personally, I would like to see benefits increased considerably more, especially for those on social security who are most in need.

It is my opinion, however, that the proposed increase is most unwise at this time and would be a disservice to the very people we seek to help.

The Senate Finance Committee adopted the 5½-percent increase on the spur of the moment without the benefit of hearings. Proponents of the increase argued that the 5½ percent could be paid from a projected "surplus" in the social security fund.

Experts have warned us that the social security fund is at a dangerously low level. The Secretary of Health, Education and Welfare, Caspar Weinberger, has pointed out that if the Senate Finance Committee amendments were approved, the ratio of assets to expenditures under the social security benefit program would drop to 74 percent next year and would further decline thereafter. The recommended level is no less than 75 percent. What we will be doing if this increase is approved will be to finance it out of contingency funds.

We, in truth, have no surplus. And to say that an estimated surplus will finance an increase in benefits only compounds the folly.

An economic downturn could wreck all projections and leave the social security program bankrupt.

Although 5½ percent seems small enough, it amounts to $2.75 billion, and with other amendments approved in the committee we would add $3.3 billion to the cost. This is highly inflationary.

What good will it do to raise social security payments 5½ percent if we cause a 20-percent inflation rate? When this occurs then we in effect have a 14½-percent tax on the elderly rather than a 5½-percent increase in benefits. Inflation is the most costly and cruel tax on the poor.

This increase also flies in the face of other legislation we have passed and other goals we have set.

What does this do to the $268 billion budget ceiling that we have passed? It means that the President will be forced to impound funds from some other programs—exactly what Congress is trying to prevent at the present time.

Just last September the Congress approved a 20-percent increase in social security benefits, and at the same time we put in an automatic cost of living escalator.

It should be pointed out that the additional benefits would not go only to the needy. The increase would go also to those who are quite well off and still collecting their social security. For these people the additional money is simply "gravy" which would add to our inflationary pressures.

I sincerely believe that the fight against inflation should be waged courageously and uniformly.

This includes any congressional pay raise which I vehemently oppose. Perhaps some Members feel that increasing social security by 5½ percent will make a 25 percent congressional pay raise more palatable to the public, but I do not.

Congress cannot make something out of nothing. The American people will get only what they pay for. An increase in social security will have to be financed by an increase in taxes, or else the system will most certainly collapse. It is time that we start being honest with the elderly, and with all Americans, concerning the social security system.

* * * * *

CONTINUATION OF EXISTING TEMPORARY INCREASE IN THE PUBLIC DEBT

The Senate continued with the consideration of the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

* * * * *

Mr. CHURCH. Mr. President, I ask unanimous consent that Mr. David Affeldt, the counsel of the Special Committee on Aging, be permitted to be present in the Chamber during the consideration of the amendments I shall offer at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. LONG. I ask unanimous consent that Bill Morris, of the staff of the Finance Committee, be permitted to be present on the floor during the consideration of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 284

Mr. CHURCH. Mr. President, I call up my amendment No. 284, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

H.R. 8410 is amended by adding at the end of title II thereof the following:

SEC. . It is the sense of Congress that—

(a) the President prepare and submit, not later than September 1, 1973, a proposal to provide for the coverage, under the supplementary medical insurance program established by part B of title XVIII of the Social Security Act, of essential out-of-hospital prescription drugs, and such other proposals as he deems appropriate for the extension of the benefits provided under parts A and B of such title,

(b) the recommendations of the President to increase out-of-pocket payments for the aged and disabled under the health programs established by such title XVIII should be withdrawn.

Mr. CHURCH. Mr. President, this amendment, which is cosponsored by the distinguished Senator from Minnesota (Mr. MONDALE), can be very briefly stated. It is a sense of the Congress resolution, and it contains two major provisions.

It expresses the sense of Congress, first, that the administration should submit proposals by September 1, 1973, to strengthen the medicare program and, second, that the administration should withdraw its earlier recommendations which would not only greatly reduce the benefits of medicare, but which would, in fact, actually increase out-of-pocket costs for the aged and the disabled under medicare by approximately $1 billion a year.

Mr. President, Senator MONDALE and I are joined in the sponsorship of this sense-of-Congress resolution by the following Senators: Mr. MCGEE, Mr. WILLIAMS, Mr. HUDDLESTON, Mr. HOLLINGS, Mr. MCGOVERN, Mr. RIBICOFF, Mr. HART, Mr. MOSS, Mr. PASTORE, Mr. HUGHES, Mr. MAGNUSON, Mr. BROOKE, Mr. BIBLE, Mr. MUSKIE, Mr. TUNNEY, Mr. CLARK, Mr. ABOUREZK, Mr. STEVENSON, Mr. HUMPHREY, and Mr. CRANSTON.

Mr. President, in the interest of time, while I have a prepared statement that I can deliver, I am hopeful that the distinguished chairman might find it possible to accept the amendment.

Mr. LONG. Mr. President, if the Senator will not make the speech, I will accept the amendment.

Mr. CHURCH. Very well, that is the best deal I have made all day. I ask unanimous consent that my statement be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR CHURCH

Briefly stated, this amendment—which the Senator from Minnesota (Mr. MONDALE) and I have sponsored—has two major provisions. It expresses the sense of Congress that the Administration:

1. Submit proposals by September 1, 1973 to strengthen Medicare; and

2. Withdraw its earlier recommendations to increase out-of-pocket payments for the aged and disabled under Medicare.

In the Administration's fiscal 1974 budget, massive cutbacks in Medicare coverage were proposed. One such example was to require Medicare patients to pay hospital room and board charges for the first full day, plus 10 percent of all subsequent charges. Now they pay a $72 deductible for hospitalization and nothing thereafter until the 61st day. If the Administration's proposal should become law, out-of-pocket payments for hospitalization for Medicare beneficiaries would be increased by an estimated $345 million for the first six months of 1974. On an annualized basis, hospital charges for the elderly and disabled would be boosted in the vicinity of $700 million. For the 5.4 million Medicare patients who are expected to be hospitalized during fiscal 1974, this added expense could be devastating.

Major cutbacks are also proposed by the Administration for the Part B Supplementary Medical Insurance program. Under the Administration's recommendations, the Part B deductible would be raised from $60 to $85 and the coinsurance charge from 20 to 25 percent. The fiscal 1974 budget also suggests that a new dynamic concept would be built into the Part B deductible. In other words, whenever Social Security benefits would be increased, the Part B deductible would be boosted proportionately. Present law requires an act of Congress to raise the deductible, instead of an automatic adjustment mechanism pegged to Social Security increases.

All in all, the Administration's proposals would saddle the elderly and disabled with added out-of-pocket payments amounting to $516 million for the first six months in 1974. But for a full year, these proposals would cost Medicare patients more than $1 billion.

Practically everyone in the United States wants economy in government. For my own part, I have supported a number of proposals to trim the Administration's overall budgetary ceiling of $268.7 billion.

However, certainly a much better target could have been selected for massive reduction than the Medicare program—a program which in 1974 will provide valuable protection for 23 million aged and disabled Americans. To my way of thinking, the brunt of budgetary cutbacks should not be placed upon the backs of the elderly and the disabled.

They are not responsible for the intensifying inflationary pressures brought about by the colossal failure of phase three.

They are not responsible for the record breaking budget deficits of this Administration—fueled to a large degree by an undeclared war in Southeast Asia, mind boggling cost overruns for military hardware and a mismanaged economy with overly optimistic prophecies.

And it is totally unfair to make them the scapegoats for these policy failures.

On this point, Americans of all ages are in overwhelming agreement. A recent Harris poll made this abundantly clear. Of those interviewed, 92 percent opposed the Administration's efforts to cut back Medicare coverage for the disabled and aged, while only 5 percent supported these policies.

Mr. President, true economic security in retirement can never be fully achieved until we resolve the mounting health care cost problems which impose an intolerable drain upon those living on limited, fixed incomes.

Last month the Senate Committee on Aging—of which I am Chairman—issued an annual report on recent developments in the field of aging.

Perhaps the most significant finding is that the elderly, on a per capita basis, now pay more in out-of-pocket payments for medical care than the year before Medicare became law. In fiscal 1966 they paid $234 from their own resources. By fiscal 1972 that figure had soared to $276, or 18 percent higher than in 1966.

This amount, I should add, does not include the Part B premium charge, which will amount to $75.60 a year for a single aged person, beginning this July.

Valuable as it is, Medicare still only covers about 42 percent of health care costs of the elderly. This figure, however, represents a decline when compared with fiscal 1969. At that time Medicare covered almost 46 percent of the aged's medical expenditures. However, inflationary pressures and gaps in coverage have steadily eroded this coverage.

For these reasons, our amendment also includes a provision which calls upon the Administration to submit its recommendations to cover essential out-of-pocket prescription drugs under Medicare and other proposals to strengthen this vital program.

Mr. CHURCH. I thank the Senator from Louisiana very much.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Does the Senator yield back the remainder of his time?

Mr. MUSKIE. Mr. President, I strongly support the adoption of the Church-Mondale amendment to H.R. 8410.

Average health care expenditures for older Americans now amount to $981 a year, nearly seven times that for persons under 19 and about three times the expenses for individuals in the 19- to 64-year age category.

Today the high cost of health care represents the greatest single threat to the economic well-being of the elderly. Unfortunately illness strikes with far greater frequency and severity at a time in life when those victimized are least able to afford it.

This point was brought home very forcefully during hearings which I conducted—as chairman of the Committee on Aging's Subcommittee on Health Care of the Elderly—on "Barriers to Health Care for Older Americans."

At these hearings, we had an opportunity to hear firsthand from HEW Secretary Caspar Weinberger concerning the administration's rationale for cutting back medicare coverage for the aged and disabled. His line of reasoning was, however, challenged vigorously by every other witness who testified during our initial 2-day inquiry.

A major argument advanced by the Secretary was that cutbacks in medicare coverage were necessary to encourage greater cost consciousness by elderly health consumers. But older Americans living on less than $125 a month certainly do not need this type of "encouragement." They are already struggling to make ends meet, and additional health costs could leave them financially bankrupt. Moreover, it is physicians—not elderly patients—who determine the mode and timing of medical services.

Secretary Weinberger also maintained that increased deductibles and coinsurance charges were necessary to guard against overutilization of health services. However, there is no convincing evidence whatsoever to suggest that the elderly overutilize medical and hospital services. Quite to the contrary, the average hospital stay for aged Americans has declined from 14.1 days in 1967 to 12 days in 1972, for a 15-percent reduction. Older Americans do not derive great pleasure in going to the hospital. Those who are hospitalized are there—almost without exception—because it is necessary, not because they like it.

Secretary Weinberger further argued that recent social security increases would make it easier for the elderly to assume greater "cost sharing" under medicare. Unfortunately he overlooked some very crucial facts. Despite recent improvements in social security, more than 3 million older Americans still live in poverty. And the poverty threshold, I should hasten to add, is pegged at a bare minimum standard: $2,060 for a single aged person and $2,600 for an elderly couple.

Additionally, nearly 11 million older Americans—a clear majority of all persons 65 and older—have incomes below the Department of Labor's intermediate budgets for elderly persons.

Moreover, the Congress never intended to provide the aged with a much-needed social security increase, and then dilute its impact by approving staggering increases in health care costs for the elderly.

Finally, the Secretary maintained that the administration's proposals would encourage the use of alternatives to more expensive forms of institutionalization. But the harsh reality is that these alternatives frequently do not exist. A classic example is home health care which accounts for only about 0.7 percent of all projected medicare payments under part A for fiscal 1973. Furthermore, the estimated payments for fiscal 1973 are expected to be about $3 million below the fiscal 1970 level.

However, an expression of congressional opposition to the administration's proposed cutbacks in coverage is not enough. Efforts must also be initiated, I strongly believe, to improve Medicare by closing gaps in coverage.

Consequently, I am especially pleased that the Church-Mondale amendment calls upon the administration to submit concrete recommendations at an early date—by September 1—for strengthening medicare coverage. Specifically, the administration would be directed to make recommendations for covering essential out-of-hospital prescription drugs.

Prescriptions now constitute the largest personal health care expenditure which the aged must meet almost entirely from their own resources. In fact, drug costs for persons 65 and above are about three times as great as for younger Americans. And for elderly persons with severe chronic conditions—about 15 percent of all older Americans—their pre-

scription expenses are approximately six times as great as for younger individuals.

Today, the threat of costly illness is all too apparent for millions of aged and disabled Americans. That threat—intensified by the continuing upward spiral of health care costs—must be effectively dealt with as soon as possible.

The Church-Mondale amendment which I support, would help meet that threat.

Mr. CHURCH. I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HARTKE). All remaining time having been yielded back, the question is on agreeing to the amendment (No. 284) of the Senator from Idaho (Mr. CHURCH).

The amendment was agreed to.

AMENDMENT NO. 283

Mr. CHURCH. Mr. President, I call up for consideration in my own behalf and on behalf of Senators MONDALE, KENNEDY, and McGOVERN amendment No. 283.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

H.R. 8410 is amended by adding at the end thereof the following:

Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles, I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

Mr. CHURCH. Mr. President, this amendment has the purpose of exempting the aged, the blind, and the disabled from the requirements of the Revenue Sharing Act, that 90 percent of social service funds be directed to the current welfare recipients.

The primary purpose of social services for the elderly and handicapped is to prevent dependency and institutionalization. For many potential welfare recipients, social services under the Social Security Act have enabled them to live independently, rather than being prematurely and unnecessarily institutionalized at a much higher public cost.

However, last year's Revenue Sharing Act reversed a long established congressional policy of making services available not only to persons on welfare, but to those in danger of becoming dependent. Instead, the act established new eligibility requirements that at least 90 percent of a State's allotment had to be spent on current welfare recipients.

Six categories were exempted from the 90–10 ratio, but services to the aged, blind and disabled were not included. Moreover, nowhere near 90 percent of funding for social services for elderly and handicapped persons had been directed toward welfare recipients. In fact, a substantial portion had been targeted to nonwelfare recipients to prevent them from slipping into a dependency status.

One of the most immediate effects of this 90–10 limitation has been a widespread reduction in services for the low-income elderly, blind, and disabled who are not on welfare. On this point, the National Council on Aging stated that this provision "will virtually eliminate programs designed to prevent dependency and institutionalization of our older people—resulting eventually in a higher cost to the taxpayers."

My amendment, however, can help to correct this situation by allowing communities to provide increased services to the low-income aged and handicapped, enabling them to maintain their independence at a minimum public cost.

This provision, I am pleased to say, has the wholehearted support of leading organizations in the field of aging, including the National Council of Senior Citizens, National Retired Teachers Association-American Association of Retired Persons, and the National Council on the Aging.

A similar measure has been introduced in the House by Representative JOHN HEINZ. That proposal has been cosponsored by more than 150 Members, including Representative WILBUR MILLS, the chairman of the House Ways and Means Committee, which means that if we can add this provision to the bill, the likelihood is that we will not be engaged in an idle exercise, but will have every prospect of seeing it written into law in the conference between the two Houses.

So, Mr. President, for these reasons, I urge adoption of the amendment.

I think that this 90–10 ratio has already produced just the opposite result of what was intended when it was first adopted. It is actually driving people onto the welfare rolls, forcing them to be institutionalized in order to secure the services, many of which, like housekeeping services and transportation services, are meant for the very purpose of giving people on low incomes an assist and thus enable them to stay off the welfare rolls.

The adoption of this amendment would give the States and communities more flexibility in the use of these funds. It would not add 1 dime to the total funds available. The present $2.5 billion ceiling in existing law would be left intact, but the amendment would give the States and communities greater flexibility to put these funds to work in a better manner.

For those reasons, I hope that the Senate will adopt the amendment.

I reserve the remainder of my time.

Mr. LONG. Mr. President, this amendment has merit. But the Finance Committee is now right in the middle of its work on social services. We held 4 days of hearings on social services in which we went into all aspects of the program. As we began to consider legislation, we were faced with an immediate deadline: the very restrictive regulations of the Department of Health, Education, and Welfare are scheduled to go into effect July 1. So the committee decided that for immediate purposes we should approve a 6-month postponement in the HEW regulations, and the Senate has overwhelmingly approved the committee provision. When we come back from the recess, the committee will be giving priority to its work on social services, and I believe that what we approve will satisfy the Senator from Idaho and probably do a lot more besides. I would hope the Senator would withhold his amendment until he sees the bill the Finance Committee will soon report out.

Mr. President, this would more appropriately be an amendment on a bill that the House has sent us on which they anticipate we will add welfare amendments. They have informed the committee that they will hold hearings themselves before they meet with us in conference. With all deference to the Senator from Idaho, he is speaking of an area where legislation is indicated and which cannot be achieved here on this bill. It will have to be an amendment to a welfare bill which we would bring before the Senate as soon as we could. But that will have to be after the recess.

I would hope the Senator from Idaho would withhold his amendment. If he insists on pressing his amendment, I would be compelled to oppose it, because we think we can come up with what the Senator has in mind and can do an even better job of it.

Mr. CHURCH. Mr. President, I yield myself such time as I may need.

Let me first say to the distinguished chairman that I have great respect for him and the other members of his committee. I know they are undertaking to look into the effect of this 90/10 ratio across the board. I am certain that the committee will come up with recommendations that I could wholeheartedly support.

Furthermore, I want to commend the chairman on the fact that he is undertaking to postpone implementation of the social services regulations for 6 months.

But the fact remains that the 90/10 ratio will not be postponed. It is in effect today. It is part of the law today. It has been operating, for months now, in the various States.

If one thing is clear, it is that this ratio straitjackets the States and communities in such a way that it is clearly a proven mistake. The Senator himself indicates as much when he says the committee will review the whole question and come forward with recommendations.

I am asking for only one thing, which I am sure the committee will recommend in due course, but which I am equally sure we should do tonight, and that is simply to exempt from the 90–10 ratio the aged, the blind, and the disabled. We know that this will be done sooner or later. We do not have to wait. Chairman MILLS on the House side indicates that he favors this change in the law, since it is causing such difficulties throughout the 50 States.

Since this particular change has had the endorsement of all the organizations that represent the aged, the blind, and the disabled, I should think that the chairman might accept this limited revision, which would interfere in no way with the more comprehensive examina-

tion of the whole question that the committee will make at a later date.

That is the basis of my plea tonight. It is fully justified, and I would hope that the Senator from Louisiana would accept my amendment.

Mr. LONG. I regret that I cannot support the amendment for the reasons I have already set down. I think that we can bring before the Senate an improvement over what the Senator is proposing here. We will be able to look at all the facets of the problem. While I appreciate the Senator's good intentions, I am willing to abide by the judgment of the Senate on this matter.

The PRESIDING OFFICER (Mr. HUGHES). The question is on agreeing to the amendment of the Senator from Idaho (Mr. CHURCH), No. 283.

The "Noes" appear to have it——

Mr. CHURCH. Mr. President, I ask for a division.

The PRESIDING OFFICER. A division is called for.

On a division, the amendment of the Senator from Idaho was agreed to.

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Mr. CRANSTON. Mr. President, I call up an unprinted amendment, as sent to the desk and modified.

The PRESIDING OFFICER. The clerk will read the amendment.

The assistant legislative clerk read the amendment, as follows:

H.R. 8410 is amended by adding at the end of the bill, the following new subsection:

SEC. 210(c). Section 401 of the Social Security Amendments of 1972 is amended by striking out "January 1972" wherever it appears and inserting in lieu thereof "January 1973."

Mr. CRANSTON. First, Mr. President, let me say I am delighted that the Senator from California (Mr. TUNNEY) has joined me as a cosponsor of the amendment.

By way of brief explanation, section 401 of Public Law 92-603—which most of us recall as H.R. 1—relates to the limitation of fiscal liability of the States for State supplementation—upon implementation of the supplemental security income program—SSI—in January of 1974. Section 401 is the so-called hold-harmless provision.

This provision was included in the Social Security amendments to encourage State supplementation of the Federal floor established by the SSI program, to the presently existing benefit levels—so that no aged, blind or disabled assistance recipient would suffer reduced benefits as the result of the new Federal program. This would be accomplished by holding the States "harmless" for costs over the January 1972, levels.

Unfortunately, this provision, in an estimated 15 States, will have a very counterproductive effect on the recipients of aid to the aged, blind and disabled—because the benefit increases by the States during calendar year 1972 will not be "held harmless" under the existing provision.

For example, in my home State of California benefit levels increased $17 from January 1972, to January 1973. This $17 increase consisted of a $12 benefit increase—an attempt to pass along some of the benefits of the 20-percent social security increase to public assistance recipients, and a $5 cost-of-living increase.

If the "hold harmless" date of January 1972 is retained, this $17 increase will not be included in the limitation on State liability under the SSI program, contained in section 401 of the Social Security amendments.

The result will likely be a reduction in benefits to the over 500,000 California aged, blind, and disabled assistance recipients equal to the 1972 increase, and the same is likely to occur in a number of other States.

The committee chairman feels that the States will act to prevent a reduction in payment that may occur in some States. It probably will not in some. Such an effort is underway in California, but I am not sure it will succeed. Therefore, I am proposing this amendment to protect the people in those States where such action would take place.

This amendment will change the hold harmless date to January 1973—thereby covering the calendar 1972 increases which States have enacted. These increases enacted during calendar 1972 are not abusive actions designed to inequitably increase State assistance in the implementation of the SSI program—rather they are increases enacted in many States in an attempt to mitigate the effects of spiraling inflation on elderly blind, and disabled public assistance recipients.

Mr. President, this amendment is essential to insure that no aged, blind or, disabled person suffers a benefit reduction as the result of H.R. 1 and the implementation of the SSI program.

I would hope that the distinguished chairman of the Finance Committee could take this amendment to conference with the House. I believe it is a measure designed to make more equitable the effects of the SSI program—particularly with regard to those States which have attempted to be most responsive to the needs of some of the least fortunate among us.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CRANSTON. I am delighted to yield.

Mr. PASTORE. Mr. President, this amendment has considerable merit. As to the timing and as to the place, that is something that can be debated. The fact still remains that when we raised the social security limitation, many of the States, in order to implement it and bring it up to the standards for those who had been receiving aid, the blind, and those enumerated by my colleague from California, had to go along and supplement the payments they were making in these categories.

As a result of that law, we find that in some States the tab will be $2.6 million. New York's will be considerably larger. California's will have a considerably larger amount. I recognize that the tab on this will run up to $400 million. Whether or not that should be undertaken on this bill, I am not prepared to say. But the amendment has considerable merit, and I sincerely hope that the amendment would be taken to conference, so that the matter could be kept alive. If it is felt that further hearings should be held, that could be done through due process.

But we have to remind ourselves that this was a humanitarian effort on the part of the States to enable them to help those who are in these categories—the aged and the blind.

The reason why I say that is that we did increase social security benefits. If we stayed by the old standard, many of those people would have had to take a reduction in order to get the benefit of an increase. That is why the States, out of their own generosity and compassion for the people who are blind and aged, came in and implemented what we had done by social security.

I hope that that will be given serious thought. I realize that the cost will be about $400 million. But the fact remains that there is tremendous merit to it. I hope that the amendment would be taken to conference, where the problem will be given further study.

Mr. CRANSTON. I am delighted to have the support of the Senator from Rhode Island.

I now yield to the Senator from New York.

Mr. JAVITS. Mr. President, the Senator from Rhode Island (Mr. PASTORE) has stated clearly what is the State's responsibility. Instead of penalizing them, we should at least keep them whole, and that is what the Cranston amendment seeks to do.

One of the problems of decentralizing responsibility after 30-some years of centralizing is our worry as to whether the States will realize what will happen. When the States add to their responsibility. I am for decentralizing, with the assurance that they will meet their responsibility. That is all the more reason for saving or leaving whole what we want them to do. So I hope the Senate will adopt the amendment.

Mr. LONG. Mr. President, in the committee bill, the committee amendment provides $400 million to help the poor who have been under the social security program. An overwhelming number are receiving social security money, as well as public welfare money, that benefits the poor people in every State in the Union.

By contrast, the amendment of the Senator from California would cost $400 million in 28 States which have been providing no benefits at all—neither to the people nor to the States. So about half of the States would get the money.

Furthermore, the people would not be benefited, but State treasuries would be. New York would get $140 million and California would get $100 million of the $400 million. So those 2 States would get $240 million of the $400 million—about 60 percent for 2 States. The majority of States would get no benefit whatever.

Mr. President, we have provided what will be a considerable assist to the States under present plans, because they notified us they were planning to subsidize the Social Security program by some $150.

We now push our payment up to $140, $10 more for every one of those recipients. That raises by $10 the amount they will find necessary to supplement those people. We have not up to now made them supplement the payments. That is what they did. They recognized that they should, and they did.

We have left it very substantial for them, as we have for all of the 50 States in the Union, with what we have done in the bill with the $400 million. What he proposes to do with the $400 million would not benefit the people. It would not benefit the majority of the States in the Union. The States that benefit are saving 60 percent of the funds, but the majority of them, will save no funds.

Mr. President, I do not think there is any need for that type of arrangement. There may be some other way in which we can help California and New York with their problems. When some welfare reform bill comes along, perhaps we can find some way to help them with their problems. I do not think that this amendment should be added to the

bill. Frankly, if we were to add something of this sort, the other 28 States would not be benefiting. I would certainly have to insist that the bill go over until tomorrow to find a way to give a chance to the States that are being left out. Under the circumstances, I do not think that we should add the amendment to the bill.

Mr. PASTORE. Mr. President, the trouble here is that the cutoff was January 1972. In my State, the blind and the aged are not living in luxurious circumstances. They need to have a supplement. We went ahead in October of 1972 and raised the category of those that were in that allotment. That was not done to let them buy new Cadillacs. It was done to let them change from dog food to hamburgers.

That was an act of charity. Because we have done that, the Federal Government cannot discriminate in our favor. That is the point that we are trying to establish here today.

In some States the cost of living is much higher than in other States. Rents are much higher. For that reason we have to supplement and implement what was already given to them from a Federal grant, so to speak. Of course, it goes to the poor, unless the States get the money and are made whole. The only way they have to balance the budget would be to give away what they have gained. That would be disastrous.

We have tried in many States to raise the benefits to the point that people could get along.

I realize that a social program is not a popular program. I realize how people feel about it.

We are talking about the aged and the blind. Certainly people walking around with a white stick are not taking advantage of the people or of the Government.

What we are asking for is compassion at this juncture. If the Senator will agree to take the amendment to conference so that we could keep it alive, if we could get the assurance that at some future date we could have our representatives come down and testify, we would be satisfied.

Mr. PACKWOOD. Mr. President, let us put this in perspective. No one will get any money out of this. The blind and the disabled will not get a dime more.

Mr. PASTORE. The Government might have to take it over.

Mr. PACKWOOD. Now that we have amended the bill, no one will get any less money than he is now getting.

Mr. PASTORE. The Senator is correct.

Mr. PACKWOOD. If we pass the amendment, all we will have to do is that the Federal Government will pick up the cost, the $400 million that the States are picking up to pay to the people in order to have them live above a minimum level.

The revenue sharing measure that we passed last year enables some States to make a profit. I understand that the State of California has a $800 million surplus this year. I do not think that it is incumbent upon the Federal Government to pass this measure. If we pass this, it goes right to their treasury.

Mr. PASTORE. The whole purpose of the law was to let the States have the responsibility. But we cut it off when there is an inequity.

Mr. PACKWOOD. That was not the purpose. The purpose was to set a minimum floor. But we have raised it now to $140 for an individual. That is all we promised. Every State had enough money with two exceptions—California and New York. From what they saved from what we picked up of the States' share, they are making more money under the State plan.

Now, after we have saved the States $1 billion in picking up this total that has been freed from the States, the States no longer have to pay that because we pick it up.

Under the pending amendment they want us to pick up another $400 million.

Mr. PASTORE. But the cutoff date is January 1972. That is when the harm was done.

Mr. PACKWOOD. There was no harm.

Mr. PASTORE. This money was paid in order to equalize the burden. We did recognize that the people needed the money. We found that after we had the increase, we had another category. The blind and the aged were a little out of whack.

They are now saying that in a backward State—and I do not want to name any—$140 is enough, because the money will give the people who receive it enough to live, even though it might cost $150 to live.

Mr. PACKWOOD. But if we pass this bill, they would not get any more money.

Mr. LONG. The poor would not get a bit more. Prior to the time the new SSI goes into effect, the Federal Government is paying half of Rhode Island's cost. Under this bill, we pay the first $140, so Rhode Island will pick up about $50 more. With 50–50 matching now, the State has to put up half of the cost.

Mr. PASTORE. I do not mean any impertinence. But how did it affect Louisiana? What was it before and after January 1972? Was it $140? As a matter of fact, the State of Louisiana did not have to pass any law to supplement it.

Mr. LONG. We pay $107 to an aged person with no other income.

Mr. PASTORE. What is the average for Louisiana today? Is it $140? As a matter of fact, Louisiana is making money on the deal and we are losing money.

Mr. LONG. It will go up to $140 next January under the committee bill.

Mr. PASTORE. That is right, it will go up to $140. In Rhode Island, it goes from $140 to $190 in the future under the bill. And that is what I am talking about.

Mr. LONG. Rhode Island, relatively speaking, will save more money than Louisiana will save when the SSI program goes into effect.

Mr. PASTORE. Louisiana has a lot of oil down there. And the Federal Government has closed down our shipyards. We are in tough shape.

Mr. LONG. Mr. President, if we could trade our per capita income with Rhode Island, we would be glad to do so.

Mr. BENNETT. Mr. President, if the Senator will yield, I would like to make a point. We are establishing a principle that the States can take the Federal money, add to it, and come back here a year later and ask that we put up what they have added. The next year they will be back and they will say that they have added more and that we must hold them harmless for what they have done.

We will be asked to go into the business of paying the States for what they have paid.

Mr. PASTORE. What was it before January of 1972 in the State of Utah?

Mr. BENNETT. I do not think that is the point.

Mr. PASTORE. It is the point. Whether one wins or loses is the name of the game. Did the State of Utah win or lose?

Mr. BENNETT. The point is the principle of allowing the States to force the Federal Government to pick up any amount of money that the States add to a Federal program.

Mr. PASTORE. And the Government says to the people of Rhode Island that the floor is $140. The Federal Government is clipping them for $50. And when the Government says to Louisiana that it is giving them $140, it means that it is giving them a profit of the difference between $107 and $140. The Senator does not have to tell me about discrimination.

Mr. LONG. Mr. President, it is not too difficult to see that under the committee bill the Federal Government will pay the first $140. Under present law, we were going to pay the first $130. However, under the committee bill, we will pay the first $140.

Of course, if those people are drawing social security payments, they are permitted to keep $20, and that means a guaranteed monthly income of $160. Then, with the food stamps provided in the Senate agriculture bill, it would make it about $175. The States of Rhode Island, California, and New York would be tremendously benefited by what we are doing.

We were putting up 50 percent in those States. Now we are going to be putting up 100 percent of the first $140. All the States are benefiting, they are all getting helped. California has a $800 million surplus, but they naturally want to replace State money with Federal money. Louisiana does not have any surplus. We think that we have done about everything that we can do now for California and everybody else in the committee bill.

With all due deference, Senator, if you cannot find a way to spend $400 million for a majority of 50 States, I will tell you right now, I doubt that the Senate is going to agree to it.

Which are the States that will not benefit? The States now paying less than $140. The amendment will not benefit one poor person. They would get just as much without the Cranston amendment as with the Cranston amendment. Not one nickel goes to the poor under the amendment.

Under the amendment, what States get the most in the Nation? The richest, not the poorest. Let me just call off those 28 States who will get nothing. if we vote to benefit the wealthiest States of this

Nation. I am glad they are wealthy; I am just sorry there are not more of us here that are.

Here is the list: Alabama, Arizona, Arkansas, Florida, Georgia, Hawaii, Iowa, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, West Virginia, and Wyoming.

We will have the privilege of paying $400 million in taxes for the benefit of the wealthiest States in the Union. What kind of sense does that make? If they cannot find some way to put us in on their amendment, we ought to forget about it. We put them in on our committee amendment. It is a case of taxing the poor to feed the rich.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Utah.

Mr. BENNETT. Mr. President, I would like to go back to Rhode Island. Last year Rhode Island paid $195, the highest, of which the Federal Government paid $197.50, so all it cost Rhode Island is $197.50. This year we pay $140, so Rhode Island is saving $42.50.

We say to them, "You should take care of whatever you want to add to that out of the $42.50." They are saying, "We are going to add to it, so we want you to give us not only the $140, plus what we have added, and leave us the savings we had last year."

It has not cost the State of Rhode Island as much this year as last year.

Mr. PASTORE. But the point is, it has cost Rhode Island something, and it has not cost Utah or Louisiana anything. It is the way you figure the amount of $140. You all took care of yourselves in that Finance Committee. Then what did you do? You left the rest of us out in the cold. That is the question here.

Mr. BENNETT. That is not the question.

Mr. HUMPHREY. What did they do for Minnesota, John?

Mr. PASTORE. I do not have the figures here; I would not be able to answer that question as to Minnesota. But I know what they did for Rhode Island and for Massachusetts. Of course, California and New York will have to speak for themselves.

Mr. LONG. Minnesota does not get 5 cents out of this. All you do is join Louisiana in paying so some States richer than you get something out of a deal where we do not get any benefit at all. Why should we pay for that? [Laughter.]

Mr. HUMPHREY. I just cannot imagine my senior colleague permitting this to happen.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, let me just say that one statement was made which is not necessarily true for my State or other States. It has been said that only the States benefit. It depends on what the State does. If the State acts to fill this gap, then only the State would benefit, but if it does not, then there would be a loss in income to some blind, disabled, and aged people in my State. They will not gain anything, but they might lose something if the amendment is not adopted.

Mr. TUNNEY. Mr. President, Senator CRANSTON's amendment to H.R. 8410, of which I am a cosponsor, will change the effective date of the "hold harmless" provision of Public Law 92–603 from January 1972 to January 1973. The purpose of this amendment is to assist States which have attempted to provide their aged, blind, and disabled with a decent standard of living.

This provision of H.R. 1 was to encourage the States to maintain payment levels at least the same as those in January, 1972. But many States, California being one, increased their base amounts during 1972 as well, due to the tremendous increases in the cost of living. California provided two such increases: One in August of $5 and one in October of $12. The latter was in response to the 20 percent social security increase. Under the existing provisions of H.R. 1, however, California cannot receive any relief from the Federal Government for continuing to increase its efforts to alleviate the plight of thousands of elderly people.

This amendment will allow partial relief by the Federal Government for those States which have provided supplemental increases. I urge that it be adopted.

The PRESIDING OFFICER. Does the Senator yield back the remainder of his time?

Mr. CRANSTON. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. GRAVEL). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from California. [Putting the question.]

Mr. PASTORE. I ask for a division, Mr. President.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

* * * * *

Mr. HARTKE. Mr. President, I have an amendment at the desk which I ask be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 17, after line 8, insert the following new section:

REPEAL OF EARNINGS TEST

SEC. 215. (a) Subsections (b), (d), (f), (h), (j) and (k) of Section 203 of the Social Security Act are repealed.

(b) Subsection (c) of such section 203 is amended (1) by striking out "Noncovered Work Outside the United States or" in the heading, and (2) by striking out paragraph (1) thereof.

(c) Subsection (e) of such section 203 is amended by striking out "subsections (c) and (d)" and inserting in lieu thereof "subsection (c)".

(d) Subsection (i) of such section 203 is amended by striking out "subsection (b), (c), (g), or (h)" and inserting in lieu thereof "subsection (c) or (g)".

(e) Subsection (l) of such section 203 is amended by striking out "or (h)(1)(A)".

(f) The second sentence of paragraph (1) of subsection (n) of section 202 of the Social Security Act is amended by striking out "Section 203 (b), (c), and (d)" and inserting in lieu thereof "Section 203(c)".

(g) Paragraph (7) of subsection (t) of section 202 of the Social Security Act is amended by striking out "Subsection (b), (c), and (d)" and inserting in lieu thereof "Subsection (c)".

(h) Paragraph (3) of section 203(a) of the Social Security Act is repealed.

(i) The amendments made by the preceding subsections of this section (other than subsection (h)) shall apply only with respect to benefits payable for months beginning after the month in which this Act is enacted, and the amendment made by subsection (h) shall become effective on January 1, 1974.

Mr. HARTKE. Mr. President, this is a very simple amendment. It was adopted by the Senate last year by a vote of 76 to 5. It would increase the earnings limitation from $2,100 to $3,000.

This is probably one of the greatest welfare relief amendments that could ever be presented on the floor of the Senate, because there are many people on welfare today who would not be there if they were given the opportunity to continue to work to earn a living. This is exactly what I propose to do.

I have another amendment at the desk which would repeal the earnings limitation. However, it is impossible at this time to achieve that goal, but we should be able to do in the Senate what we did last year, that is, give these people the opportunity to continue to live in dignity and respect and go ahead and earn a living. This will give them the opportunity to earn up to $3,000 before we start deducting social security benefits from them.

I do not think it is necessary for me to explain the amendment in further detail. It would affect about 7,400,000 people on social security.

I would be glad to explain it further, of course, if any Senator has any difficulty understanding it. But, I say again, all it does is to permit persons who draw social security to earn up to $3,000 before they are forced to have their benefits reduced. At the present time, it is $2,100. The same amendment was offered on the floor of the Senate last year. The vote at that time, as I said, was 76 in favor and 5 opposed.

Mr. President, I ask unanimous consent to add the name of the distinguished former Secretary of HEW, the Senator from Connecticut (Mr. RIBICOFF) as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, also the Senator from West Virginia (Mr. RANDOLPH), who has been a leader in this field; also the Senator from Rhode Island (Mr. PASTORE); the Senator from Minnesota (Mr. HUMPHREY); the Senator from Colorado (Mr. DOMINICK); the Senator from Florida (Mr. CHILES); the

Senator from Texas (Mr. BENTSEN); the Senator from Rhode Island (Mr. PELL); the Senator from California (Mr. TUNNEY); the Senator from South Carolina (Mr. HOLLINGS); the Senator from New Jersey (Mr. WILLIAMS); the Senator from New Hampshire (Mr. MCINTYRE); the Senator from Georgia (Mr. NUNN); the Senator from Nevada (Mr. CANNON); the Senator from Illinois (Mr. STEVENSON); the Senator from Minnesota (Mr. MONDALE); the Senator from Alabama (Mr. ALLEN); and the Senator from Indiana (Mr. BAYH); and Mr. President, I further ask unanimous consent that I may add the names of additional cosponsors. [Laughter.]

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I hope the yeas and nays are not ordered and that we will have a vote on this matter soon, as we would probably agree to it.

Several Senators addressed the Chair.

Mr. BENNETT. Mr. President, who has the time?

Mr. LONG. I yield 2 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 2 minutes.

Mr. BENNETT. Mr. President, I want to make the record clear that by adoption of the Senator's amendment, we will be adding $800 million per year to the cost of social security without covering it with the necessary tax support. Is the Senator aware of that?

Mr. HARTKE. The Senator is exactly right, let me say to him. [Laughter.]

Mr. President, I yield back my time.

Mr. LONG. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on this amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Indiana (Mr. HARTKE).

The amendment was agreed to.

* * * * *

Mr. BENNETT. Mr. President, I assume that was the last amendment. I have an amendment at the desk which I ask the clerk to state.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That section 101 of the Act of October 27, 1972, providing for a temporary increase in the public debt limit for the fiscal year ending June 30, 1973 (Public Law 92-599), is amended by striking out "June 30, 1973" and inserting in lieu thereof November 30, 1973".

Mr. BENNETT. Mr. President, the purpose of this amendment is to strike out everything in the bill except the simple extension of the debt ceiling which was the purpose of the bill in the first place. I do not think we need to discuss it. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BENNETT. I am prepared to yield back the remainder of my time.

Mr. LONG. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Michigan (Mr. HART), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that the Senator from Delaware (Mr. BIDEN) and the Senator from Iowa (Mr. CLARK) are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

If present and voting, the Senator from New Jersey (Mr. CASE) would vote "nay."

The result was announced—yeas 34, nays 57, as follows:

[No. 250 Leg.]

YEAS—34

Aiken	Dole	Packwood
Allen	Domenici	Roth
Baker	Dominick	Saxbe
Bartlett	Eastland	Scott, Pa.
Beall	Fannin	Scott, Va.
Bellmon	Fong	Stafford
Bennett	Griffin	Stevens
Brock	Gurney	Taft
Buckley	Hansen	Thurmond
Cook	Helms	Tower
Cotton	Hruska	
Curtis	McClure	

NAYS—57

Bayh	Hollings	Muskie
Bentsen	Huddleston	Nelson
Bible	Hughes	Nunn
Brooke	Humphrey	Pastore
Burdick	Inouye	Pearson
Byrd, Harry F., Jr.	Jackson	Pell
Byrd, Robert C.	Javits	Percy
Cannon	Johnston	Proxmire
Chiles	Long	Randolph
Church	Magnuson	Ribicoff
Cranston	Mansfield	Schweiker
Eagleton	Mathias	Sparkman
Ervin	McClellan	Stevenson
Fulbright	McGee	Symington
Gravel	McGovern	Talmadge
Hartke	McIntyre	Tunney
Haskell	Metcalf	Williams
Hatfield	Mondale	Young
Hathaway	Montoya	
	Moss	

NOT VOTING—9

Abourezk	Clark	Kennedy
Biden	Goldwater	Stennis
Case	Hart	Weicker

So Mr. BENNETT's amendment was rejected.

The PRESIDING OFFICER. The question now is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. DOMINICK. Mr. President, will a Senator in charge of time give me exactly 2 minutes in the bill?

Mr. LONG. Mr. President, I yield the Senator 2 minutes.

Mr. DOMINICK. Mr. President, I just want to say for the record—not that I think it is going to make any votes change—that I have been here 13 years, but I think we have changed the debt limit once per year and sometimes three times per year. It is like being in a movable foot race—you never get to the end of the line. Every time you get to the debt limit, you extend it or increase it. But at no time have we tried to stay within the debt limit or reduce the debt.

Tonight we have not only extended the debt limit, but incerased it, due to the acumen of this great body in accepting amendments, many of them being good amendments, but by our act we have contradicted what we are trying to do in enacting a debt ceiling. I find it to be something I cannot abide.

Mr. HANSEN. Mr. President, I would like to express my concern for what we have done here today concerning this bill to extend the debt limit of $465 billion beyond its expiration date of June 30. If this bill is not passed and signed by the President by that date, the authorized debt limit will revert back to the permanent level of $400 billion. Therefore, because of the importance of this bill to the stability of our economy, it has been used as a vehicle for attaching numerous amendments which will have to be accepted by the President due to the dire necessity of this bill.

We should stop, however, and look at just what we are doing. In the hearings before the Finance Committee regarding this legislation, Secretary Shultz was once again, as is the custom whenever this matter is debated, cross-examined extensively concerning such topics as phase IV economic controls, trade legislation, social security increases, deficit spending and numerous other matters. At that time he was asked whether or not we should just do away with the necessity for congressional approval of further debt extensions. He was agreeable to such a suggestion. It would be a dreadful error on our part, however, to give up this authority for approving future debt extensions. If this were the case, Congress could go on appropriating funds which the Government does not have. Subsequently, the Treasury would have the authority to issue as much debt as would be necessary to raise the money to pay the bills Congress had approved. It would be a vicious circle, and the debt issued could consequently only be limited through appropriate congressional action to limit spending. Hopefully, Congress will take action in the future to revise its appropriations procedures so that priorities for expenditures are established and appropriations are limited to the revenues available for expenditure. But until that time, this congressional approval of

debt limit extensions is our only means of actually controlling overall expenditures.

When the House considered this same measure, instead of extending the debt limit to $485 billion through June 30, 1974, as the administration had requested, it voted only to extend the present debt limit of $465 billion for an additional 5 months. By doing so, it was the opinion of the House Ways and Means Committee, that Government spending would be controlled. The Senate Finance Committee agreed with this reasoning. The committee report states:

After carefully weighing all of these considerations, the committee concluded that its most prudent course was to extend the present $465 billion public debt limitation through November 30 of this year. The committee believes that the present limitation provides the administration with sufficient margin to meet financing needs during this period and that later in this session Congress will be in a better position to provide an appropriate limitation for the remainder of the fiscal year.

As it stands now, the Treasury is going to have to carefully judge its spending in order to stay within the limitations of this debt ceiling.

But, today we have approved numerous committee amendments which will increase spending this next fiscal year by approximately $606 million. That is the committee estimate, excluding the $3.2 billion additional expenditures for the increased social security benefits. The figures I received today from HEW as to the additional cost of these amendments were somewhat higher.

We have also adopted an expenditure ceiling of $268.7 billion for fiscal year 1974 and imposed stringent controls on the future impoundment of funds. I urge my colleagues to keep in mind, however, that the debt ceiling itself is the overriding law governing Federal expenditures. The President cannot authorize expenditures which will cause this ceiling to be exceeded. To do so would be unlawful.

As I see it, we have acted irresponsibly. On the one hand we have imposed two ceilings—the debt limit itself as well as an overall spending limitation for this coming fiscal year. On the other hand, we have authorized the spending of millions of additional dollars. Therefore, in order to maintain the two restrictions imposed, the President will have no choice but to impound funds.

I am concerned about the actions we have taken here today. Once again I am torn between two decisions. The basic bill is of great importance to the continued ability of our country to pay its bills. Secretary Shultz estimated that if this bill is not passed or if it is vetoed by the President, this country will be able to continue paying its bills for about 1 week. If additional reserves are used, we might last a week and a half. This is a grave situation.

At the same time we have added so many nongermane amendments to this bill that I hestitate to vote for the total package. I have already mentioned that I sympathize with many of the amendments considered by the Finance Committee and voted on today. The poor people and those on fixed incomes are among those hardest hit by inflation. This is true. But by allocating more money to certain segments of our society, we will be taking funds away from other types of expenditures. In other words, we are inviting the President to establish our spending priorities in order to stay within the spending and debt ceilings we have established.

After considering all of the alternatives, therefore, I have decided to support this bill only because of the devastating effects the failure to enact such legislation would have on our country.

Our only hope now appears to lie with the rationale of the House-Senate conference.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. BENNETT. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the bill having been yielded back, the question is on passage of the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COTTON. Mr. President, a point of order. All those young men who went down and voted at the desk out of turn caused some of us old fellows to miss our names, so we have to wait until the names are all called. I do not think that is nice.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Michigan (Mr. HART), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that the Senator from Delaware (Mr. BIDEN) and the Senator from Iowa (Mr. CLARK) are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

If present and voting, the Senator from New Jersey (Mr. CASE) would vote "yea."

The result was announced—yeas 72, nays 19, as follows:

[No. 251 Leg.]

YEAS—72

Aiken	Haskell	Nunn
Baker	Hathaway	Packwood
Bayh	Hollings	Pastore
Beall	Hruska	Pearson
Bennett	Huddleston	Pell
Bentsen	Hughes	Percy
Bible	Humphrey	Proxmire
Brooke	Inouye	Randolph
Burdick	Jackson	Ribicoff
Byrd, Harry F., Jr.	Javits	Roth
Byrd, Robert C.	Johnston	Saxbe
Cannon	Long	Schweiker
Church	Magnuson	Scott, Pa.
Cranston	Mansfield	Sparkman
Curtis	Mathias	Stafford
Dole	McClellan	Stevens
Eagleton	McGee	Stevenson
Eastland	McGovern	Symington
Fong	McIntyre	Taft
Fulbright	Metcalf	Talmadge
Gravel	Mondale	Tunney
Gurney	Montoya	Williams
Hansen	Moss	Young
Hartke	Muskie	
	Nelson	

NAYS—19

Allen	Cotton	Helms
Bartlett	Domenici	McClure
Bellmon	Dominick	Scott, Va.
Brock	Ervin	Thurmond
Buckley	Fannin	Tower
Chiles	Griffin	
Cook	Hatfield	

NOT VOTING—9

Abourezk	Clark	Kennedy
Biden	Goldwater	Stennis
Case	Hart	Weicker

So the bill (H.R. 8410) was passed.

Mr. LONG. Mr. President, I have a series of motions. I move to reconsider the vote by which the bill was passed.

Mr. HARTKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that in the engrossment of the Senate amendments to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth, designations and cross-references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I move that the Senate insist on its amendments to the bill H.R. 8410 and ask for a conference thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. GRAVEL) appointed Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. RIBICOFF, Mr. BENNETT, Mr. CURTIS, and Mr. FANNIN conferees on the part of the Senate.

93D CONGRESS
1ST SESSION

H. R. 8410

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1973

Ordered to be printed with the amendment of the Senate

AN ACT

To continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of the Act of October 27, 1972, providing for a temporary increase in the public debt limit for the fiscal year ending June 30, 1973 (Public Law 92-599), is amended by striking out "June 30, 1973" and inserting in lieu thereof "November 30, 1973".

SEC. 2. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act, as amended (31 U.S.C. 752), is amended to read as follows: "Bonds authorized by this section may be issued from time to time

to the public and to Government accounts at a rate or rates of interest exceeding 4¼ per centum per annum; except that bonds may not be issued under this section to the public, or sold by a Government account to the public, with a rate of interest exceeding 4¼ per centum per annum in an amount which would cause the face amount of bonds issued under this section then held by the public with rates of interest exceeding 4¼ per centum per annum to exceed $10,000,000,000."

SEC. 3. (a) Section 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c), is amended by adding at the end thereof the following new subsection:

"(j) (1) The Secretary of the Treasury is authorized to prescribe by regulations that checks issued to individuals (other than trusts and estates) as refunds made in respect of the taxes imposed by subtitle A of the Internal Revenue Code of 1954 may, at the time and in the manner provided in such regulations, become United States savings bonds of series E. Except as provided in paragraph (2), bonds issued under this subsection shall be treated for all purposes of law as series E bonds issued under this section. This subsection shall apply only if the claim for refund was filed on or before the last day prescribed by law for filing the return (determined without extensions thereof) for the taxable year in respect of which the refund is made.

"(2) Any check-bond issued under this subsection shall bear an issue date of the first day of the first calendar month beginning after the close of the taxable year for which issued.

"(3) In the case of any check-bond issued under this subsection to joint payees, the regulations prescribed under this subsection may provide that either payee may redeem the bond upon his request."

(b) The amendment made by subsection (a) shall apply with respect to refunds made after December 31, 1973.

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1973 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after December 1973 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after December 1973) be considered to be a "general benefit increase under this title"

(as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203 (f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202 (q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by sec-

tion 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplementary security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified, in subsection (a)(1)(A) and (2)(A), and subsection (b) (1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the

case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for

such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails

to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan

of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e) (2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of

such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if prop-

erly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income payment to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a payment described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change

with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the

amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except

that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2) (A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2) (A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the

Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference to qualified applicants for employment who are employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act or who were so employed

and were displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

INCREASE IN EARNINGS LIMITATION

SEC. 215. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$250".

(b) The first sentence of paragraph (3) of section 203 (f) is amended to read as follows: "For purposes of para-

graph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of $250 multiplied by the number of months in such year."

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$250".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

PART C—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 220. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting ", and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall effective February 1,

1974, be deemed to contain a provision (relating to the disregarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

PART D—SOCIAL SERVICES REGULATIONS

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 230. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

PART E—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 240. (a) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan under title XIX of the Social Security Act, there is hereby imposed the requirement (and each such plan shall be deemed to require) that assistance be provided under such plan to any individual who, as an "essential person" (as defined in subsection (b)), was eligible for assistance under such plan (as such plan was in effect for December 1973), for each month, after December 1973, that such individual continues to meet the criteria, as an essential person, for eligibility under such plan (as such plan was in effect for December 1973).

(b) As used in subsection (a), the term "essential person" means a person who—

(1) for the month of December 1973, was present in the home of an individual who was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act, and

(2) was not a recipient of such aid or assistance (in

his or her own right) for such month, but whose needs were taken into account in determining the need of such individual for and the amount of aid or assistance (referred to in paragraph (1)) provided to such individual.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 241. For purposes of section 1902(a)(10) of the Social Security Act, any individual who—

(1) for all (or any part of) the month of December 1973 was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act,

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utiliza-

tion review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 242. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973).

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 243. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 244. (A) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART F—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 250. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal

year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act,

then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the

same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

PART G—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 260. (a) Section 202(d)(8)(D) of the Social Security Act is amended by striking out clause (ii) thereof.

(d) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

PART H—SENSE OF CONGRESS RELATIVE TO THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

COVERAGE OF ESSENTIAL OUT-OF-HOSPITAL PRESCRIPTION DRUGS

SEC. 270. It is the sense of Congress that—

(a) the President prepare and submit, not later than September 1, 1973, a proposal to provide for the coverage, under the supplementary medical insurance program established by part B of title XVIII of the Social Security Act, of essential out-of-hospital prescription

drugs, and such other proposals as he deems appropriate for the extension of the benefits provided under parts A and B of such title,

(b) the recommendations of the President to increase out-of-pocket payments for the aged and disabled under the health programs established by such title XVIII should be withdrawn.

TITLE III—IMPOUNDMENT CONTROL PROCEDURES

SEC. 301. The Congress finds that—

(1) the Congress has the sole authority to enact legislation and appropriate moneys on behalf of the United States;

(2) the Congress has the authority to make all laws necessary and proper for carrying into execution its own powers;

(3) the Executive shall take care that the laws enacted by Congress shall be faithfully executed;

(4) under the Constitution of the United States, the Congress has the authority to require that funds appropriated and obligated by law shall be spent in accordance with such law;

(5) there is no authority expressed or implied under the Constitution of the United States for the Executive to impound budget authority and the only

authority for such impoundments by the executive branch is that which Congress has expressly delegated by statute;

(6) by the Antideficiency Act (Rev. Stat. sec. 3679), the Congress delegated to the President authority, in a narrowly defined area, to establish reserves for contingencies or to effect savings through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which appropriations are made available;

(7) in spite of the lack of constitutional authority for impoundment of budget authority by the executive branch and the narrow area in which reserves by the executive branch have been expressly authorized in the Antideficiency Act, the executive branch has impounded many billions of dollars of budget authority in a manner contrary to and not authorized by the Antideficiency Act or any other Act of Congress;

(8) impoundments by the executive branch have often been made without a legal basis;

(9) such impoundments have totally nullified the effect of appropriations and obligational authority enacted by the Congress and prevented the Congress from exercising its constitutional authority;

(10) the executive branch, through its presentation

to the Congress of a proposed budget, the due respect of the Congress for the views of the executive branch, and the power of the veto, has ample authority to affect the appropriation and obligation process without the unilateral authority to impound budget authority; and

(11) enactment of this legislation is necessary to clarify the limits of the existing legal authority of the executive branch to impound budget authority, to reestablish a proper allocation of authority between the Congress and the executive branch, to confirm the constitutional proscription against the unilateral nullification by the executive branch of duly enacted authorization and appropriation Acts, and to establish efficient and orderly procedures for the reordering of budget authority through joint action by the Executive and the Congress, which shall apply to all impoundments of budget authority, regardless of the legal authority asserted for making such impoundments.

SEC. 302. (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits, or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within

ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department, or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to sub-

section (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority, following which he shall notify both Houses of Congress within 15 days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C. 665), commonly referred to as the "Antideficiency Act", the provisions of section 303 and section 305 shall not apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 303 and 305 shall apply.

(d) If any information contained in a special message

submitted pursuant to subsection (a) is subsequently revised, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 303. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 305:

Provided, however, That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty-day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concurrent resolution within the sixty-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer or employee from reimpounding the specific budget authority set forth in the special message which the Congress by its action or failure to act has thereby rejected.

SEC. 304. For purposes of this title, the impounding of budget authority includes—

(1) withholding, delaying, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available,

(2) withholding, delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in

order to permit the budget authority to be expended or obligated),

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 305. The following subsections of this section are enacted by the Congress:

(a)(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(b)(1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or

House of Representatives, as the case may be, which is introduced and acted upon by both Houses at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ——."

(3) The matter after the resolving clause of a resolution disapproving, in whole or in part, the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ———— (in the amount of $————)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to

a day certain shall be excluded in the computation of the sixty-day period.

(c)(1) A resolution introduced, or received from the other House, with respect to a special message shall not be referred to a committee and shall be privileged business for immediate consideration, following the receipt of the report of the Comptroller General referred to in section 302(c). It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. Such motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If, prior to the passage by one House of a resolution of that House with respect to a special message, such House receives from the other House a resolution with respect to the same message, then—

(1) If no resolution of the first House with respect to such message has been introduced, no motion to proceed to the consideration of any other resolution with respect to the same message may be made (despite the provisions of subsection (c)(1) of this section).

(2) If a resolution of the first House with respect to such message has been introduced—

(A) the procedure with respect to that or other resolutions of such House with respect to such message shall be the same as if no resolution from the other House with respect to such message had been received; but

(B) on any vote on final passage of a resolu-

tion of the first House with respect to such message the resolution from the other House with respect to such message shall be automatically substituted for the resolution of the first House.

(e) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

(f) Notwithstanding any other provision of this section, it shall not be in order in either House to consider a resolution with respect to a special message after the two Houses have agreed to another resolution with respect to the same message.

(g) As used in this section, the term "special message" means a report of impounding action made by the President pursuant to section 302 or by the Comptroller General pursuant to section 306.

SEC. 306. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this title, and the President fails to report such impounding action to the Congress as required

by this title, the Comptroller General shall report such impounding action with any available information concerning it to both Houses of Congress, and the provisions of this title shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: Provided, however, That the sixty-day period provided in section 303 shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impoundment action was taken.

SEC. 307. Nothing contained in this title shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 308. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this title, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be neces-

sary or appropriate to secure compliance with the provisions of this title by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 309. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this title.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this title or by the Antideficiency Act, he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 310. If any provision of this title, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the title and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

SEC. 311. The provisions of this title shall take effect from and after the date of enactment.

TITLE IV—CEILING ON FISCAL YEAR 1974 EXPENDITURES

SEC. 401. (a) Except as provided in subsection (b) of this section, expenditures and net lending during the fiscal year ending June 30, 1974, under the budget of the United States Government, shall not exceed $268,700,000,000.

(b) If the estimates of revenues which will be received in the Treasury during the fiscal year ending June 30, 1974, as made from time to time, are increased as a result of legislation enacted after the date of the enactment of this Act reforming the Federal tax laws, the limitation specified in subsection (a) of this section shall be reviewed by Congress for the purpose of determining whether the additional revenues made available should be applied to essential public services for which adequate funding would not otherwise be provided.

SEC. 402. (a) Notwithstanding the provisions of any other law, the President shall, in accordance with this section, reserve from expenditure and net lending, from appropriations, or other obligational authority otherwise made available, such amounts as may be necessary to keep expenditures and net lending during the fiscal year ending June 30, 1974, within the limitation specified in section 401.

(b) In carrying out the provisions of subsection (a) of this section, the President shall reserve amounts propor-

tionately from new obligational authority and other obligational authority available for each functional category, and to the extent practicable, subfunctional category (as set out in table 3 of the United States Budget in Brief for fiscal year 1974), except that no reservations shall be made from amounts available for interest, veterans' benefits and services, payments from social insurance trust funds, public assistance maintenance grants, and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries.

(c) Reservations made to carry out the provisions of subsection (a) of this section shall be subject to the provisions of title III of this Act, except that—

(1) if the Comptroller General determines under section 302(c), with respect to any such reservation, that the requirements of proportionate reservations of subsection (b) of this section have been complied with, then sections 303 and 305 shall not apply to such reservation, and

(2) the provisions of section 303 which preclude reimpoundment shall not apply with respect to any such reservation.

(d) In no event shall the authority conferred by this section be used to impound funds, appropriated or otherwise

made available by Congress, for the purpose of eliminating a program the creation or continuation of which has been authorized by Congress.

SEC. 403. In the administration of any program as to which—

(1) the amount of expenditures is limited pursuant to this title, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure (after the application of this title) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

TITLE V—LIMITATION OF USE ON APPROPRIATED FUNDS

PROHIBITION AGAINST THE USE OF APPROPRIATED FUNDS FOR COMBAT ACTIVITIES IN CAMBODIA AND LAOS

SEC. 501. No funds heretofore or hereafter appropriated under any Act of Congress may be obligated or expended to support directly or indirectly combat activities in, over, or from off the shores of Cambodia or in or over Laos by United States forces.

TITLE VI—UNEMPLOYMENT COMPENSATION ACT AMENDMENT

SEC. 601. Section 203(c)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and as if paragraph (1) of section 203 (b) did not contain subparagraph (B) thereof.".

TITLE VII—MISCELLANEOUS

SEC. 701. (a) Section 6096(c) of the Internal Revenue Code of 1954 (relating to manner and time of designation) is amended—

(1) by striking out ", in such manner as the Secretary or his delegate may prescribe by regulations", and

(2) by adding at the end thereof the following new sentence: "Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the

time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made on the first page of the return."

(b) The amendments made by this section shall apply with respect to taxable years ending after the date of enactment of this Act.

SEC. 702. The Secretary of the Treasury shall cause the publishing and broadcasting of information concerning the Presidential Election Campaign Fund Act during each year, with particular emphasis upon the taxpayer's right to designate a portion of his tax payment for payment into the Presidential Election Campaign Fund for the use of the candidates of a political party without any increase in his tax liability. The Secretary shall report to the Congress not later than the first day of September of each year a detailed account of the means by which he intends to carry out his duty under this section, which shall include, but not be limited to, a description of facsimile copy of all public notices, the availability of such notices to broadcasting stations, and any other arrangements he may have made to publicize the fund and the taxpayers' right of designation under section 6096 of the Internal Revenue Code of 1954.

SEC. 703. (a) Section 6096 of the Internal Revenue Code of 1954 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended

by striking out the first sentence and inserting in lieu thereof "Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a)."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"***SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.***

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Presidential Election Campaign Fund'. The Secretary shall, from time to time, transfer to the fund an amount equal to the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section

9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) INSUFFICIENT AMOUNTS IN FUND.—

"(1) If at the time of a certification by the Comptroller General under section 9005 for payment to eligible candidates of a political party, the moneys in the fund are insufficient to pay to all eligible candidates the amounts to which they are then entitled (as determined by the Secretary after consultation with the Comptroller General), payments to each eligible candidate shall be reduced pro rata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the fund.

"(2) If, at the close of the expenditure report period, the moneys in the fund are not sufficient to satisfy the unpaid entitlements of all eligible candidates, the balance in the fund shall be paid to eligible candidates in the following manner:

"(A) For the candidates of a major party, compute the percentage which the number of popular votes received by the candidates for President of the major parties is of the total number of popular votes cast for the office of President in the election, and

divide such percentage by the number of major parties.

"(B) For the candidates of a minor or new party, compute the percentage which the popular votes received for President by the candidate of such party is of the total number of popular votes cast for the office of President in the election.

"(C) Pay to the eligible candidates of each party the same percentage of the amount of the money in the fund as the percentage obtained under subparagraph (A) or (B) for candidates of such party."

SEC. 704. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

Passed the House of Representatives June 13, 1973.

Attest:

Clerk.

93D CONGRESS
1ST SESSION

H. R. 8410

AN ACT

To continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1973

Ordered to be printed with the amendment of the Senate

House of Representatives

THURSDAY, JUNE 28, 1973

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8410. An act to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8410) entitled "An act to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. RIBICOFF, Mr. BENNETT, Mr. CURTIS, and Mr. FANNIN to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 8410, TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, Mrs. GRIFFITHS, Messrs. SCHNEEBELI, COLLIER, and BROYHILL of Virginia.

93D CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
No. 93-355

PUBLIC DEBT LIMITATION; SOCIAL SECURITY BENEFIT INCREASE; ETC.

JUNE 28, 1973.—Ordered to be printed

Mr. MILLS of Arkansas, from the committee of conference, submitted the following

REPORT

[To accompany H.R. 8410]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, having met, after full and free conference, have been unable to agree.

WILBUR D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
MARTHA W. GRIFFITHS,
HERMAN T. SCHNEEBELI,
HAROLD R. COLLIER,
JOEL T. BROYHILL,
Managers on the Part of the House.

RUSSELL B. LONG,
HERMAN E. TALMADGE,
VANCE HARTKE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
PAUL J. FANNIN,
Managers on the Part of the Senate.

83-006 O

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. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, report that the conferees have been unable to agree.

WILBUR D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
MARTHA W. GRIFFITHS,
HERMAN T. SCHNEEBELI,
HAROLD R. COLLIER,
JOEL T. BROYHILL,
Managers on the Part of the House.

RUSSELL B. LONG,
HERMAN E. TALMADGE,
VANCE HARTKE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
PAUL J. FANNIN,
Managers on the Part of the Senate.

O

CONFERENCE REPORT ON H.R. 8410, PUBLIC DEBT LIMITATION

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report and the Senate amendment reported from the conference in disagreement on

the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 1973, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Ms. ABZUG. Mr. Speaker, reserving the right to object. I wonder if the gentleman could tell us what is in the proposal that is coming before us on the debt limit?

Mr. MILLS of Arkansas. With respect to what particular issue?

Ms. ABZUG. With respect to the particular issue of Cambodia.

Mr. MILLS of Arkansas. There is nothing in the conference report nor in the proposed amendment that will be offered to the Senate amendment involving the subject matter of Cambodia.

Ms. ABZUG. And there is nothing in it concerning the question of bombing or with respect to Laos or Indochina?

Mr. MILLS of Arkansas. That is true. We had agreed in the conference to accept the so-called Eagleton amendment, and it became a little bit superfluous, we thought, to this conference report in view of the actions of the House today and in view of the amendment that is being discussed and probably will be accepted a little bit later this afternoon in the Senate.

Ms. ABZUG. In other words, we do not have a cutoff provision of any kind in this?

Mr. MILLS of Arkansas. Not in this, but the cutoff is in the supplemental that passed, and the Senate is expected to adopt in the continuing resolution a similar provision.

Ms. ABZUG. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. STEIGER of Wisconsin. Mr. Speaker, reserving the right to object, will the gentleman from Arkansas, the distinguished chairman of the Ways and Means Committee, indicate to the House the situation in which we find ourselves?

Mr. MILLS of Arkansas. Yes, I will be glad to, if the gentleman will yield.

Mr. STEIGER of Wisconsin. Of course I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, in the process of amending the debt limit bill in the Senate both on the Senate floor and in the Finance Committee the many subject matters that were appended to the bill were appended in the form of one amendment, which I must say to my friend is not the proper way, in my opinion, for amendments to be considered that are not germane to the subject matter of a bill, because it results when the matter comes to the House and the House is in disagreement and wants to make changes with respect to these various subject matters, that the House has to consider all these changes in one amendment to the Senate amendment. So we are in the position of suggesting to the House that the House recede and concur in the one Senate amendment with one suggested House amendment that will include changes in several areas of the Senate amendment.

Mr. STEIGER of Wisconsin. Further reserving the right to object, Mr. Speaker, and I appreciate very much the honest statement of the gentleman from Arkansas, may I inquire of the Chair as to whether or not it is possible to have a division or a separation of any of the matters to be considered in the one Senate amendment?

The SPEAKER. The Chair does not know what motion might be made. The Chair cannot rule on that sort of thing.

Mr. STEIGER of Wisconsin. Mr. Speaker, further reserving the right to object, what concerns me in this, may I say to the distinguished chairman of the Committee on Ways and Means, is that the conference report, as it is was brought to us is without benefit of any explanation other than that which the distinguished chairman always gives.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. STEIGER of Wisconsin. Of course I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Actually there is not a conference report—in the usual sense—when we have a conference report in disagreement. This conference report therefore does not provide an explanation of amendments, because the amendments are all subject to a point of order if included in a conference report. So, we have no conference report in the usual sense. We have no statement of the managers on the part of the House which can be read, because there is no conference report, in effect, in the usual sense, I must say. Under the new rules we do have reference to conference reports in disagreement.

Mr. STEIGER of Wisconsin. Yes, except that the gentleman will remember that we amended the rule.

Mr. MILLS of Arkansas. Yes, I remember that.

Mr. STEIGER of Wisconsin. What we have done is to go back to the situation that developed in June 1972.

Mr. MILLS of Arkansas. The Rules Committee changed that. They were unaware of the fact, apparently, that a conference report in disagreement does not have to lay over for 3 days. It does have to now.

Mr. STEIGER of Wisconsin. All I am talking about is that rule which is found in rule XXVIII, subsection 4(a), the rule under which this is called up, which says:

> With respect to any report of a committee of conference called up before the House containing any matter which would be in violation of the provisions of clause 7 of Rule XVI if such matter had been offered as an amendment in the House.

We do have a chance under the new rule that was adopted in October and modified that old rule, to ask for a separate vote on a nongermane amendment.

Mr. MILLS of Arkansas. The gentleman is getting a separate vote on a nongermane amendment because there is only one nongermane amendment.

Mr. STEIGER of Wisconsin. That is the reason I made the parliamentary inquiry to the chair as to whether or not it would be possible under what the Senate has done, which I think is wrong. I think at some point we are going to have to reflect on what the Senate did to us, but given the fact that we are in this conference report dealing with what, unemployment compensation, social service, social security——

Mr. MILLS of Arkansas. Medicaid.

Mr. STEIGER of Wisconsin. All of these are nongermane amendments, no matter how one cuts that cake. All I am trying to figure out is whether or not it is possible to divide the question. When we move to recede and concur with an amendment, we are amending that one Senate amendment in a number of various areas.

Mr. MILLS of Arkansas. The gentleman is talking about dividing the question. I do not know what he has in mind, but in all fairness to the gentleman, let me suggest that it is possible always to divide the question between receding and concurring, but what would be the purpose of a separation of the two if we are to recede with an amendment and if we voted to recede separately, then I would move to concur with an amendment.

It is my understanding of the rules of the House that that motion will take precedence over any other motion that could be made.

Mr. STEIGER of Wisconsin. Mr. Speaker, the gentleman is correct. All I am saying, in a situation like this which the House is faced with, when we get to almost June 30 when the debt expires, it is really an incredibly difficult problem for the individual Member of the House. It has to be passed, but I think all of us might have different views about the variety of different provisions that are contained in that Senate amendment.

Thus, from my standpoint, the procedure under which we bring this conference report to the House tonight is unconscionable. It makes it exceedingly difficult for the Members of the House both to know what is in the conference report and to deal with it because of the way the Senate has handled it.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. STEIGER of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. I have told the gentleman I disapprove of the procedure that was followed in the Senate. The blame is not with respect to the Committee on Ways and Means.

Mr. STEIGER of Wisconsin. Of course not.

Mr. MILLS of Arkansas. Nor with respect to the House. This conference report in disagreement very materially reduces the costs that were to be incurred under the Senate amendment.

We have delayed, for example, the effectiveness of the social security increase itself. We have cut back on other areas of cost in the conference.

We have provided what the Senate did not do. We have provided for the financing of the increase in the retire-

ment test, and the increase in social security cash benefits.

Bear this in mind, also. It is now estimated that at the end of June the Government will announce that there has been, since June of last year, an overall cost-of-living increase of some 5.5, 5.6, 5.7 percent, or somewhere in that neighborhood. We have taken 5.6. So these people on social security would be entitled to that under the automatic provisions of the Social Security Act, not now but January 1, 1975. Perhaps by that time there would be another 5 percent or so added to it.

We thought it would be advisable to move that effective date of January 1, 1975, forward. The Senate set January 1, 1974. The amendment that will be suggested to the Senate amendment says April 1, 1974. This is done out of deference of this situation, because there will be two payments made in fiscal year 1974. The April payment will be made about May 3. The May payment will be about June 3. The next payment will be on the 3rd day of July, in the next fiscal year, 1975.

Many of these things we did in order to minimize the effect upon the budget. I cannot help but say to the gentleman that in all probability this gets down to a question of priority. We say that we are exceeding the budget, but we have not completed our work. I am perfectly willing to vote and will vote, as I have consistently, to take this amount of increase out of some other program of the Government. I believe we can do it with readiness and with ease.

Mr. STEIGER of Wisconsin. I appreciate very much the explanation and the view of the gentleman from Arkansas.

I will say, Mr. Speaker, what we are seeing tonight is, I suspect, but a further ramification of the problem which arose when we first passed that resolution this week which authorized the Speaker to recognize this process, and, further, it is but another example of where I believe the rules of the House are going to have to be more explicit in terms of dealing with the fact that the rule which provides an amendment versus an amendment in the nature of a substitute did not catch the rather clever way the other body dealt with this particular amendment tonight.

Mr. Speaker, I withdraw my reservation and hope that we will not find ourselves in this situation again.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. CONABLE. Mr. Speaker, reserving the right to object, may I ask the distinguished chairman of the Committee on Ways and Means, who is well known for the fights he has made for the prerogatives of the House, if he is satisfied with this procedure? We went through this procedure last year as well as this year. No responsible committee of the Congress was seriously considered not just the social security measure and all its ramifications but alo very substantial ad hoc welfare reform measures which have been added by the other body following their rejection of our comprehensive welfare reform procedures during the last two Congresses.

Does the gentleman feel satisfied with this procedure and, if not, will he be able to tell us some time during the debate tonight as to how we can avoid this happening again 5 weeks from now without anybody seriously considering the implications of what we are doing or understanding what we are doing in the time allotted for debate?

Mr. MILLS of Arkansas. The one point, may I suggest to the gentleman now, if he will yield, is that perhaps the rules of the House should provide protection against so many subject matters nongermane to a bill being considered as one amendment: that is, the House is entitled to vote on each and every subject matter which is added to a House-passed bill that is not germane to that bill, rather than having to do it en bloc in the nature of one amendment.

Mr. CONABLE. Mr. Speaker, may I ask, is my distinguished chairman satisfied with the procedure for increasing the debt ceiling on a temporary basis, thus permitting the entire Government to be held hostage in this way?

Mr. MILLS of Arkansas. Mr. Speaker, that gets down to the question of the will of the committee. The committee has continually voted, perhaps rather facetiously, that $65 billion of our debt is temporary. Now, maybe I do not understand the meaning of the word "temporary," but we will have this back in the committee later in the year, and if the gentleman wants to decide upon a total permanent debt, I am perfectly willing to go along with him.

Mr. CONABLE. Mr. Speaker, I withdraw my reservation of objection.

However, I want to express my grave misgivings about the repetition of a process that has already happened too many times already.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. COLLIER. Mr. Speaker, reserving the right to object, may I say very briefly to the very distinguished chairman of our committee and certainly to every Member of this House, regardless of whatever subsequent disagreements or agreements we might have, can understand from the precedent we have set here what an actually dangerous legislative procedure this is. At some point we may all find outselves in a real bind if we allow it to continue.

Mr. Speaker, unless we correct it, from this time on every Member sitting in this House risks becoming the victim of this kind of procedure. It is the most disorderly manner I can think of in which to legislate.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas.

Mr. HEINZ. Mr. Speaker, reserving the right to object, first let me say to the distinguished chairman that I would like to associate myself with the colloquy that he has had with the gentleman from New York (Mr. CONABLE), with the gentleman from Wisconsin (Mr. STEIGER), and with the last gentleman who spoke, the gentleman from Illinois (Mr. COLLIER). I think it is quite expressive of the feelings of the House toward the way we are being forced to legislate in this fashion by the other body.

Mr. Speaker, I would like to address an inquiry to the gentleman from Arkansas (Mr. MILLS), the chairman, and ask him about one item that still is not clear to me.

I can well appreciate that it is possible, though not necessarily desirable, to divide the question between receding and concurring. If it is was, hypothetically speaking, decided to divide the question and the House agreed to recede, then there would be a vote on the amendment offered by the gentleman from Arkansas, and my question is whether the items in the amendment offered by the gentleman from Arkansas would be divisible under the rules of the House.

Mr. MILLS of Arkansas. Mr. Speaker, they would not be. There could be no division of the amendment. It is an amendment to a Senate amendment. An amendment is not divisible.

Mr. HEINZ. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. HANNA. Mr. Speaker, reserving the right to object, may I ask the distinguished gentleman from Arkansas (Mr. MILLS) this question?

Am I of a correct understanding in regard to this matter of the social security? As I listened to what the gentleman said, it seemed to me that he was indicating that since there has already been at least a 5.6 percent increase in the cost of living, the other body had determined in a portion of their conglomerate amendment that we should increase the social security by 5.6 percent, which under this device will come out of the general funds because at this point in time it is not tied with the tax.

Mr. MILLS of Arkansas. No, no.

Mr. HANNA. Because at this point in time it is not tied in with the tax.

Mr. MILLS of Arkansas. No. It comes out of the social security trust fund.

Mr. HANNA. Does the tax at the present time generate a sufficient amount of funds to absorb a 5.6-percent increase?

Mr. MILLS of Arkansas. Yes. Actually that is not what was involved. We were told we would have to increase the $12,000 which goes into effect the first of the year subject to the tax; $12,100.

Mr. HANNA. We are presently unable to do that?

Mr. MILLS of Arkansas. It is a one-shot proposition. If we did not do this now, we would be giving them a much bigger increase, which is about $8 million beyond that.

Mr. HANNA. I understand that, but I was trying to get the sense of it, because the gentleman said something that really bothered me. He said that they will receive both. You said some of these increases would have to come out of other programs.

Mr. MILLS of Arkansas. No.

Mr. HANNA. The social security does not?

Mr. MILLS of Arkansas. The gentleman must have misunderstood me or else I misspoke, because what I said was that the Senate does not provide for increases in income to compensate for the change in the retirement test and this change in cash benefits, but the proposed amendment I will offer to the Senate amendment does include the financing necessary to defray that cost.

Mr. HANNA. And neither of these costs comes out of the general fund?

Mr. MILLS of Arkansas. No, sir. They come out of the social security trust fund.

Mr. HANNA. Mr. Speaker, I withdraw my reservation of objection.

Mr. WOLFF. Mr. Speaker, reserving the right to object, I take this time to ask the distinguished gentleman from Arkansas, did the Senate or the conferees take off of the debt limit the so-called Eagleton amendment?

Mr. MILLS of Arkansas. Yes. The Senators agreed to allow us to change the position that had been taken earlier and to exclure the Eagleton amendment from the amendment we will offer to the Senate amendment.

Mr. WOLFF. Mr. Speaker, I withdraw my reservation of objection.

Mr. GROSS. Mr. Speaker, reserving the right to object, I should like to ask the gentleman: Is this considered to be a conference report, or what is it?

Mr. MILLS of Arkansas. No. It has a new name. It is a conference report in disagreement. There is nothing in the House-passed bill that was changed. That is all that could have been in the usual conference report, were amendments by the Senate to the language of the House-passed bill. They refrained, at least, from changing the language of the House-passed bill.

Mr. GROSS. May I ask the gentleman how was it proposed to consider what is to be considered here this evening?

Mr. MILLS of Arkansas. There was an amendment offered by the Senate added to the language of the House-passed bill.

Mr. GROSS. No. I am not asking that, but under what procedure will this be handled now? Would it be in Committee of the Whole?

Mr. MILLS of Arkansas. No. It is handled in the House with the Speaker presiding. The conference group will have 1 hour to discuss the conference report in disagreement.

Mr. GROSS. And that will be divided between both sides for the usual length of time?

Mr. MILLS of Arkansas. Oh, yes. I am sure the gentleman from Pennsylvania will have 30 minutes to yield.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

Mr. ROBERTS. Mr. Speaker, reserving the right to object, I would like to ask the distinguished chairman one question. The chairman of the Veterans' Affairs Committee is not on the floor. The gentleman referred to taking this out of other Federal programs. Actually, he did not mean it, but it works exactly that way, because if he raises the social security 5.5 percent, they take exactly the same amount off the veterans' pension and off welfare. Has the gentleman made any provision at all for that?

Mr. MILLS of Arkansas. Yes. That is a veterans law which becomes effective for veterans. As you know, the gentleman you refer to, the gentleman from Texas (Mr. TEAGUE), while he was chairman and I am satisfied the distinguished gentleman from South Carolina (Mr. DORN), who succeeded him as chairman have always seen fit to provide for a degree of exception so that some part or all of the social security increase is not considered income for veterans pension purposes.

Mr. ROBERTS. But we were not able to do that with the 20 percent and now we have a 25.6 percent. We have not touched it, as the gentleman knows.

Mr. MILLS of Arkansas. Up to this time the committee as a rule has acted to not include that increase as income for the purpose of determining veterans' rights to a pension.

Mr. ROBERTS. Of course, the gentleman realizes the Committee on Veterans' Affairs cannot do this, because it is under the jurisdiction of the Committee on Ways and Means.

Mr. MILLS of Arkansas. No, the point that the gentleman from Texas raises is a provision of the veterans law which determines what is income for purposes of pension, and they include social security for that purpose.

Mr. ROBERTS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. STEIGER of Wisconsin. Mr. Speaker, reserving the right to object, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman from Wisconsin may propound a parliamentary inquiry.

PARLIAMENTARY INQUIRY

Mr. STEIGER of Wisconsin. Mr. Speaker, my parliamentary inquiry is this: that if an objection is heard to the request made by the gentleman from Arkansas, is it in order for the gentleman from Arkansas, the distinguished chairman of the Committee on Ways and Means, to move to suspend the rules to bring this to the floor of the House?

The SPEAKER. The Chair will state that the Chair has the authority to recognize the gentleman for such a motion.

Mr. STEIGER of Wisconsin. Mr. Speaker, further reserving the right to object, may I ask the Chair's indulgence in a question relating to rule XXVIII, clause 2(b), as to whether we have waived that part of the rule XXVIII governing conference reports, which says: Nor shall it be in order to consider any such amendment that is to the conference unless copies of the report and accompanying statement together with the text of the amendment are then available on the floor.

The SPEAKER. The Chair will state that copies of the Senate amendment and conference report are available, but that suspension of the rules will suspend all rules.

Mr. STEIGER of Wisconsin. Mr. Speaker, further reserving the right to object, is it possible for Members of the House to have copies available?

Mr. MILLS of Arkansas. Mr. Speaker, if the gentleman from Wisconsin will yield, we have copies of the proposed amendment, and there are copies of the Senate-passed bill that are available to every Member of the House.

Mr. STEIGER of Wisconsin. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 28, 1973.)

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 3, after line 9, insert:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1973 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after December 1973 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after December 1973) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

b) Section 1611(a)(2)(A) and section 1611 (b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplementary security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified, in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reducton in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income payment to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a payment described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, as its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary udner subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assist-

ance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be ocnsidered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference to qualified applicants for employment who are employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act or who were so employed and were displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.".

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection.

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

INCREASE IN EARNINGS LIMITATION

SEC. 215. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$250".

(b) The first sentence of paragraph (3) of section 203(f) is amended to read as follows: For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of $250 multiplied by the number of months in such year."

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$250".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

PART C—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 220. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting ", and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall effective February 1, 1974, be deemed to contain a provision (relating to the disregarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

PART D—SOCIAL SERVICES REGULATIONS

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 230. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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 th phrase "meets all the applicable requirements of this part and".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsections (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identified to the provisions of section 221.50 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

PART E—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 240. (a) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan under title XIX of the Social Security Act, there is hereby imposed the requirement (and each such plan shall be deemed to require) that assistance be provided under such plan to any individual who, as an "essential person" (as defined in subsection (b)), was eligible for assistance under such plan (as such plan was in effect for December 1973), for each month, after December 1973, that such individual continues to meet the criteria, as an essential person, for eligibility under such plan (as such plan was in effect for December 1973).

(b) As used in subsection (a), the term "essential person" means a person who—

(1) for the month of December 1973, was present in the home of an individual who was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act, and

(2) was not a recipient of such aid or assistance (in his or her own right) for such month, but whose needs were taken into account in determining the need of such individual for and the amount of aid or assistance (referred to in paragraph (1)) provided to such individual.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 241. For purposes of section 1902(a)(10) of the Social Security Act, any individual who—

(1) for all (or any part of) the month of December 1973 was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State

plan approved under title I, X, XIV, or XVI of such Act.

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 242. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in suparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973).

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 243. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 244. (A) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART F—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 250. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to section 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act, then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

PART G—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 260. (a) Section 202(d)(8)(D) of the Social Security Act is amended by striking out clause (ii) thereof.

(d) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of application for such benefits filed in or after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

PART H—SENSE OF CONGRESS RELATIVE TO THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

COVERAGE OF ESSENTIAL OUT-OF-HOSPITAL PRESCRIPTION DRUGS

SEC. 270. It is the sense of Congress that—

(a) the President prepare and submit, not later than September 1, 1973, a proposal to provide for the coverage, under the supplementary medical insurance program established by part B of title XVIII of the Social Security Act, of essential out-of-hospital prescription drugs, and such other proposals as he deems appropriate for the extension of the benefits provided under parts A and B of such title,

(b) the recommendations of the President to increase out-of-pocket payments for the aged and disabled under the health programs established by such title XVIII should be withdrawn.

TITLE III—IMPOUNDMENT CONTROL PROCEDURES

SEC. 301. The Congress finds that—

(1) the Congress has the sole authority to enact legislation and appropriate moneys on behalf of the United States;

(2) the Congress has the authority to make all laws necessary and proper for carrying into execution its own powers;

(3) the Executive shall take care that the laws enacted by Congress shall be faithfully executed;

(4) under the Constitution of the United States, the Congress has the authority to require that funds appropriated and obligated by law shall be spent in accordance with such law;

(5) there is no authority expressed or im-

plied under the Constitution of the United States for the Executive to impound budget authority and the only authority for such impoundments by the executive branch is that which Congress has expressly delegated by statute;

(6) by the Antideficiency Act (Rev. Stat. sec. 3679), the Congress delegated to the President authority, in a narrowly defined area, to establish reserves for contingencies or to effect savings through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which appropriations are made available;

(7) in spite of the lack of constitutional authority for impoundment of budget authority by the executive branch and the narrow area in which reserves by the executive branch have been expressly authorized in the Antideficiency Act, the executive branch has impounded many billions of dollars of budget authority in a manner contrary to and not authorized by the Antideficiency Act or any other Act of Congress;

(8) impoundments by the executive branch have often been made without a legal basis;

(9) such impoundments have totally nullified the effect of appropriations and obligational authority enacted by the Congress and prevented the Congress from exercising its constitutional authority;

(10) the executive branch, through its presentation to the Congress of a proposed budget, the due respect of the Congress for the views of the executive branch, and the power of the veto, has ample authority to affect the appropriation and obligation process without the unilateral authority to impound budget authority; and

(11) enactment of this legislation is necessary to clarify the limits of the existing legal authority of the executive branch to impound budget authority, to reestablish a proper allocation of authority between the Congress and the executive branch, to confirm the constitutional proscription against the unilateral nullification by the executive branch of duly enacted authorization and appropriation Acts, and to establish efficient and orderly procedures for the reordering of budget authority through joint action by the Executive and the Congress, which shall apply to all impoundments of budget authority, regardless of the legal authority asserted for making such impoundments.

SEC. 302. (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits, or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to subsection (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority, following which he shall notify both Houses of Congress within fifteen days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C. 665), commonly referred to as the "Antideficiency Act", the provisions of section 303 and section 305 shall not apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 303 and 305 shall apply.

(d) If any information contained in a special message submitted pursuant to subsection (a) is subsequently revised, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 303. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 305: Provided, however, That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty-day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concurrent resolution within the sixty-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer of employee from reimpounding the specific budget authority set forth in the special message which the Congress by its action or failure to act has thereby rejected.

SEC. 304. For purposes of this title, the impounding of budget authority includes—

(1) withholding, delaying, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available.

(2) withholding, delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in order to permit the budget authority to be expended or obligated),

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 305. The following subsections of this section are enacted by the Congress:

(a) (1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(b) (1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or House of Representatives, as the case may be, which is introduced and acted upon by both Houses at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated ------, Senate (House) Document No. ----."

(3) The matter after the resolving clause of a resolution disapproving, in whole or in part, the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated ------, Senate (House) Document No. ------ (in the amount of $------)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the sixty-day period.

(c) (1) A resolution introduced, or received from the other House, with respect to a special message shall not be referred to a committee and shall be privileged business for immediate consideration, following the receipt of the report of the Comptroller General referred to in section 302(c). It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the

consideration of the resolution. Such motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If, prior to the passage by one House of a resolution of that House with respect to a special message, such House receives from the other House a resolution with respect to the same message, then—

(1) If no resolution of the first House with respect to such message has been introduced, no motion to proceed to the consideration of any other resolution with respect to the same message may be made (despite the provisions of subsection (c)(1) of this section).

(2) If a resolution of the first House with respect to such message has been introduced—

(A) the procedure with repect to that or other resolutions of such House with respect to such message shall be the same as if no resolution from the other House with respect to such message had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such message the resolution from the other House with respect to such message shall be automatically substituted for the resolution of the first House.

(e) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

(f) Notwithstanding any other provision of this section, it shall not be in order in either House to consider a resolution with respect to a special message after the two Houses have agreed to another resolution with respect to the same message.

(g) As used in this section, the term "special message" means a report of impounding action made by the President pursuant to section 302 or by the Comptroller General pursuant to section 306.

SEC. 306. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this title, and the President fails to report such impounding action to the Congress as required by this title, the Comptroller General shall report such impounding action with any available information concerning it to both Houses of Congress, and the provisions of this title shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: *Provided, however,* That the sixty-day period provided in section 303 shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impoundment action was taken.

SEC. 307. Nothing contained in this title shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 308. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this title, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be necessary or appropriate to secure compliance with the provisions of this title by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 309. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this title.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this title or by the Antideficiency Act, he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 310. If any provision of this title, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the title and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

SEC. 311. The provisions of this title shall take effect from and after the date of enactment.

TITLE IV—CEILING ON FISCAL YEAR 1974 EXPENDITURES

SEC. 401. (a) Except as provided in subsection (b) of this section, expenditures and net landing during the fiscal year ending June 30, 1974, under the budget of the United States Government, shall not exceed $268,700,000,000.

(b) If the estimates of revenues which will be received in the Treasury during the fiscal year ending June 30, 1974, as made from time to time, are increased as a result of legislation enacted after the date of the enactment of this Act reforming the Federal tax laws, the limitation specified in subsection (a) of this section shall be reviewed by Congress for the purpose of determining whether the additional revenues made available should be applied to essential public services for which adequate funding would not otherwise be provided.

SEC. 402. (a) Notwithstanding the provisions of any other law, the President shall, in accordance with this section, reserve from expenditure and net lending, from appropriations, or other obligational authority otherwise made available, such amounts as may be necessary to keep expenditures and net lending during the fiscal year ending June 30, 1974, within the limitation specified in section 401.

(b) In carrying out the provisions of subsection (a) of this section, the President shall reserve amounts proportionately from new obligational authority and other obligational authority available for each functional category, and to the extent practicable, subfunctional category (as set out in table 3 of the United States Budget in Brief for fiscal year 1974), except that no reservations shall be made from amounts available for interest, veterans' benefits and services, payments from social insurance trust funds, public assistance maintenance grants, and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries.

(c) Reservations made to carry out the provisions of subsection (a) of this section shall be subject to the provisions of title III of this Act, except that—

(1) if the Comptroller General determines under section 302(c), with respect to any such reservation, that the requirements of proportionate reservations of subsection (b) of this section have been complied with, then sections 303 and 305 shall not apply to such reservation, and

(2) the provisions of section 303 which preclude reimpoundment shall not apply with respect to any such reservation.

(d) In no event shall the authority conferred by this section be used to impound funds, appropriated or otherwise made available by Congress, for the purpose of eliminating a program the creation or continuation of which has been authorized by Congress.

SEC. 403. In the administration of any program as to which—

(1) the amount of expenditures is limited pursuant to this title, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure (after the application of this title) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

TITLE V—LIMITATION OF USE ON APPROPRIATED FUNDS

PROHIBITION AGAINST THE USE OF APPROPRIATED FUNDS FOR COMBAT ACTIVITIES IN CAMBODIA AND LAOS

SEC. 501. No funds heretofore or hereafter appropriated under any Act of Congress may be obligated or expended to support directly or indirectly combat activities in, over, or from off the shores of Cambodia or in or over Laos by United States forces.

TITLE VI—UNEMPLOYMENT COMPENSATION ACT AMENDMENT

SEC. 601. Section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and as if paragraph (1) of section 203(b) did not contain subparagraph (B) thereof.".

TITLE VII—MISCELLANEOUS

SEC. 701. (a) Section 6096(c) of the Internal Revenue Code of 1954 (relating to manner and time of designation) is amended—

(1) by striking out ", in such manner as the Secretary or his delegate may prescribe by regulations", and

(2) by adding at the end thereof the following new sentence: "Such designation shall be made in such manner as the Secretary or

his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made on the first page of the return."

(b) The amendments made by this section shall apply with respect to taxable years ending after the date of enactment of this Act.

SEC. 702. The Secretary of the Treasury shall cause the publishing and broadcasting of information concerning the Presidential Election Campaign Fund Act during each year, with particular emphasis upon the taxpayer's right to designate a portion of his tax payment for payment into the Presidential Election Campaign Fund for the use of the candidates of a political party without any increase in his tax liability. The Secretary shall report to the Congress not later than the first day of September of each year a detailed account of the means by which he intends to carry out his duty under this section, which shall include, but not be limited to, a description of facsimile copy of all public notices, the availability of such notices to broadcasting stations, and any other arrangements he may have made to publicize the fund and the taxpayers' right of designation under section 6096 of the Internal Revenue Code of 1954.

SEC. 703. (a) Section 6096 of the Internal Revenue Code of 1954 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out the first sentence and inserting in lieu thereof "Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a)."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Presidential Election Campaign Fund.' The Secretary shall, from time to time, transfer to the fund an amount equal to the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) INSUFFICIENT AMOUNTS IN FUND.—

"(1) If at the time of a certification by the Comptroller General under section 9005 for payment to eligible candidates of a political party, the moneys in the fund are insufficient to pay to all eligible candidates the amounts to which they are then entitled (as determined by the Secretary after consultation with the Comptroller General), payments to each eligible candidate shall be reduced pro rata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the fund.

"(2) If, at the close of the expenditure report period, the moneys in the fund are not sufficient to satisfy the unpaid entitlements of all eligible candidates, the balance in the fund shall be paid to eligible candidates in the following manner:

"(A) For the candidates of a major party, compute the percentage which the number of popular votes received by the candidates for President of the major parties is of the total number of popular votes cast for the office of President in the election, and divide such percentage by the number of major parties.

"(B) For the candidates of a minor or new party, compute the percentage which the popular votes received for President by the candidate of such party is of the total number of popular votes cast for the office of President in the election.

"(C) Pay to the eligible candidates of each party the same percentage of the amount of the money in the fund as the percentage obtained under subparagraph (A) or (B) for candidates of such party."

SEC. 704. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, I ask unanimous consent, because this is a rather long amendment, as properly described by some as being a conglomerate, especially in view of the fact that it will be fully described, as will the amendment that we propose to offer in lieu of it, that we dispense with further reading of the Senate amendment, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MOTION OFFERED BY MR. MILLS

Mr. MILLS of Arkansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MILLS of Arkansas moves that the House recede from its disagreement to the amendment of the Senate and concur therein with an amendment, as follows:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after March 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after March 1974 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after March 1974) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

SEC. 202. (a) Paragraphs (1) and (4)(H) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$200".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$200".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

SEC. 203. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(b)(1) Section 1402(h)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$12,600".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount

each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,600".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,000" each place it appears and inserting in lieu thereof "$12,600".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$12,600".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203 (b) of Public Law 92-336 are each amended by striking out "$12,000" and inserting in lieu thereof "$12,600".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) Effective April 1, 1974, the Secretary of Health, Education, and Welfare shall prescribe and publish in the Federal Register such modifications and extensions in the table contained in section 215(a) of the Social Security Act (which shall be determined in the same manner as the revisions in such table provided for under section 215(i)(2)(D) of such Act) as may be necessary to reflect the amendments made by this section; and such modified and extended table shall be deemed to be the table appearing in such section 215(a).

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplemental security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI, of the Social Security Act)

shall be entitled to receive, from the State, the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A);

except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income benefit to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other than income in the form of a benefit described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstance (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section of such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or the other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference, as among applicants whose qualifications are reasonably equal (subject to any preferences conferred by law or regulation on individuals who have been Federal employees and have been displaced from such employment), to applicants for employment who are or were employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act and are or were involuntarily displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Security" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

PART C—SOCIAL SERVICES

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 220. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Island, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

SEC. 221. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

PART D—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 230. In the case of any State plan (approved under title XIX of the Social Security Act) which for December 1973 provided medical assistance to persons described in section 1905(a)(vi) of such Act, there is hereby imposed the requirement (and such State plan shall be deemed to require) that medical assistance under such plan be provided to each such person (who for December 1973 was eligible for medical assistance under such plan) for each month (after December 1973) that—

(1) the individual (referred to in the last sentence of section 1905(a) of such Act) with whom such person is living continues to meet the criteria (as in effect for December 1973) for aid or assistance under a State plan (referred to in such sentence), and

(2) such person continues to have the relationship with such individual described in such sentence and meets the other criteria (referred to in such sentence) with respect to a State plan (so referred to) as such plan was in effect for December 1973.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 231. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for all (or any part of) the month of December 1973—

(1) was an inpatient in an institution

qualified for reimbursement under title XIX of the Social Security Act, and

(2)(A) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act, or

(B) was, on the basis of his need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility for medical assistance under a State plan approved under title XIX of such Act (whether or not such individual actually received aid or assistance under a State plan referred to in subparagraph (A)),

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of month (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973). Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section.

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 233. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 255 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 234. (a) Section 1903 of the Social Security Act is amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART E—PROVISIONS RELATING TO MATERNAL AND CHILD CARE

GRANTS TO STATES FOR MATERNAL AND CHILD CARE

SEC. 240. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such Act for such year (if subsection (a) of this section had not been enacted),

is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act,

then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriations under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

PART F—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 250. (a) Section 202(d)(8)(D)(ii) of the Social Security Act is amended by striking out "and" at the end thereof and inserting in lieu thereof "or (III) if he is an individual referred to in either subparagraph (A) or subparagraph (B) and the child is the grandchild of such individual or his or her spouse, for the year immediately before the month in which such child files his or her application for child's insurance benefits, and".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

TITLE III—UNEMPLOYMENT COMPENSATION ACT AMENDMENT

SEC. 301. Section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following: "Effective with respect to compensation for weeks of unemployment beginning before January 1, 1974 and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State by law may provide that the determination of whether there has been a State 'off' indicator ending any extended benefit period

shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and may provide that the determination of whether there has been a State 'on' indicator beginning any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, (ii) the 4 per centum contained in subparagraph (B) thereof were 4.5 per centum, and (iii) paragraph (1) of subsection (b) did not contain subparagraph (B) thereof. In the case of any individual who has a week with respect to which extended compensation was payable pursuant to a State law referred to in the preceding sentence, if the extended benefit period under such law does not expire before January 1, 1974, the eligibility period of such individual for purposes of such law shall end with the thirteenth week which begins after December 31, 1973."

TITLE IV—MISCELLANEOUS

SEC. 401. (a) Section 6096 of the Internal Revenue Code of 1954(relating to designation by individuals of income tax payments to Presidential Election Campaign Fund) is amended to read as follows:

"SEC. 6096. DESIGNATION BY INDIVIDUALS.

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to the fund.

"(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of credits (as shown in his return) allowable under sections 33, 37, 38, 40, and 41.

"(c) Manner and Time of Designation.—A designation under subsection (a) may be made with respect to any taxable year—

"(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

"(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.

Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer's signature."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"Sec. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Presidential Election Campaign Fund'. The Secretary shall, as provided by appropriation Acts, transfer to the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the monyes so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) Insufficient Amounts in Fund.—If at the time of a certification by the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary or his delegate determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary or his delegate determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement."

(c) Sections 9003(b)(2), 9007(b)(3), and 9012(b)(1) of the Internal Revenue Code of 1954 are each amended by striking out "9006(c)" and inserting in lieu thereof "9006(d)".

(d) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972. Any designation made under section 6096 of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1973) for the account of the candidates of any specified political party shall, for purposes of section 9006(a) of such Code (as amended by subsection (b)), be treated solely as a designation to the Presidential Election Campaign Fund.

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, in view of the fact that this amendment will be fully described, I ask unanimous consent that we dispense with further reading of the motion and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. STEIGER of Wisconsin. Mr. Speaker, reserving the right to object to the unanimous-consent request of the distinguished chairman of the Committee on Ways and Means, and I appreciate the patience and perseverance of the distinguished chairman.

Mr. Speaker, under my reservation, the question that I asked earlier I should now like to put as a parliamentary inquiry. Is it possible, pursuant to rule XXVIII, clause 4, to demand or to make a point of order that there is included within the conference report nongermane matter upon which a separate vote may be demanded?

The SPEAKER. The conference report was in disagreement. There is nothing in it but the statement of disagreement.

Mr. STEIGER of Wisconsin. Mr. Speaker, I further reserve the right to object.

The SPEAKER. The Chair will state that it might save time if the gentleman would let the amendment be read.

Mr. STEIGER of Wisconsin. May I say to the Chair that it seems to me that this is a highly unusual procedure in which we find ourselves in the position of having "no conference report," and, therefore, the inability to in any way follow even those limited rules that have been adopted by the House.

The chairman of the Committee on Ways and Means has used in effect a mechanism to bring a conference report here which is a conference report. The conferees met. They discussed it, according to the way the report reads, "free and full," and having reached a disagreement—when in fact they have not reached a disagreement; they have reached an agreement. That agreement that the gentleman intends to offer in his motion to recede and concur.

That kind of process, if it were used by the Committee on Education and Labor, would not be allowed.

I withdraw my reservation, objecting strenuously to this kind of process.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, as we have been discussing, the Senate added a number of nongermane provisions to the debt ceiling bill. These provisions relate to the Old-Age Survivors' Insurance program, certain other titles of the Social Security Act, including unemployment compensation; social services, as well as medicaid. It contains, in addition, a provision dealing with the cessation of bombing in Cambodia; a provision dealing with the presidential election campaign check-off system; and a spending limit; and an impoundment procedure. We discussed these provisions in conference, but under the rules we bring the conference report back in disagreement, totally and completely within the new rules adopted by the House.

We do it because we cannot include nongermane Senate amendments under the rules of the House in a conference report. So we have abided by the rules of the House.

The motion which I have offered is to recede and concur in the Senate amendment with an amendment, which includes the matters on which we felt that the two Houses would agree.

The amendment which I have offered will give the House an opportunity to vote on what the House conferees believe is a good solution to the problem presented to us by the Senate. Let me first enumerate the principal items contained in the amendment which I have offered. I will then discuss the items in somewhat more detail.

The amendment includes the estimated 5.6 percent across-the-board increase in social security payments effective beginning with the month of April 1974, instead of the month of January 1974 as provided by the Senate amendment. We also increased the retirement test from $2,100 to $2,400 per year. The provision also raises the tax and benefit computa-

tion base, by $600 beginning January 1974, which provides financing for the benefit increase and the increase in the retirement tax.

Another principal provision of the amendment relates to the supplemental security income program which essentially increases the amounts for the aged, the blind, and the disabled persons from $130 for an individual to $140, and from $195 for a couple to $210 for a couple.

Another principal provision would postpone the effective date of the regulations issued by the Department of Health, Education, and Welfare on social service programs funded under the Social Security Act from July 1, 1973, to January 1, 1974.

All we do here is to suspend the effectiveness of announced regulations.

Still another principal provision of the amendment would extend the authorization for project grants under the maternal and child health care program until June 30, 1974.

I am sure all Members have heard from all their welfare directors and Governors about all of these points.

With respect to two amendments to the Internal Revenue Code, the principal provision included in the amendment relates to the campaign checkoff. I will describe this a little bit later.

In the area of unemployment compensation, we have included a provision which would permit the States that have an insured unemployment rate of 4.5 percent to pay rates under the Extended Unemployment Compensation Act through December 31, 1973, without regard to the requirement of present law that their insured unemployment rate must be 20-percent higher than it was in the prior 2 years.

Finally, Mr. Speaker, I want to make it clear that the amendment which I have offered does not include within it any provision relating to impoundment, nor any relating to Cambodia, nor does it include any ceiling on fiscal year 1974 expenditures. The latter two provisions were in the Senate amendment but they are not in the amendment which I have offered.

I want to take time to discuss certain of these amendments in a little bit more detail.

PROVISIONS AMENDING THE OASDI PROGRAM

The Senate amendment contained three changes in the social security cash benefits program. The first of these modifications is to provide a social security benefit increase payable for January 1974 geared to the cost-of-living increase between June 1972 and June 1973, which is estimated to be 5.6 percent. The second social security modification would increase the social security retirement test, or earnings limitation, from $2,100 to $3,000 a year effective January 1, 1974. The third of these modifications would eliminate the provision of present law that requires a child who is adopted by a social security beneficiary to have been living with and dependent upon the beneficiary for 12 months before the beneficiary became disabled in the case of a disability beneficiary or before he became entitled to a social security benefit in the case of a retired beneficiary. The Senate amendment contains no provision for increasing the financing of the social security program.

The conferees discussed these changes at great length and concluded that provisions along these lines with some modifications should be adopted and that provision should be made to provide financing to pay for their cost. These modifications are contained within the motion to recede and concur in the Senate amendment with an amendment.

With respect to the social security benefit increase, the motion would provide for an increase in social security benefits in the same amount as provided for in the Senate amendment—that is, 5.6 percent—but it would be effective for the month of April, 1974, rather than January 1974. This would increase benefits to the estimated 30 million beneficiaries then on the rolls by an estimated $2.4 billion for calendar year 1974.

Under the automatic benefit increase provisions that were adopted last year, the first time that an automatic benefit increase can occur is in January 1975. This seemed reasonable at that time when phase II was holding down the rate of inflation fairly successfully. Since that time, however, we moved from phase II to phase III and as a result have witnessed the most rapid rate of price increase that we have seen for many years. Food prices in particular have skyrocketed.

I think it would be unconscionable to require those who are dependent on social security benefits to bear the brunt of inflation by not having their benefits increased for another year and a half.

This provision allows the social security beneficiaries to receive a portion of the first automatic benefit increase in their benefit checks for April of next year. Then when the automatic benefit provisions are applied to raise their benefits for January 1975, they will receive a complementary benefit increase which when added to this increase will result in raising their benefits by the same percentage as they would have been increased under the automatic benefit increase provisions.

The motion provides for raising the earnings limitation from the present $2,100 a year to $2,400 a year beginning January, 1974. This increase in the retirement test would provide for additional benefits of $200 million for calendar year 1974 for approximately 1½ million beneficiaries.

It was the opinion of the conferees that to make the benefit increase effective for January, 1974, and to raise the retirement test to $3,000 as provided in the Senate amendment would have required additional financing that is not available at this time without increasing the social security tax rates. The financing provisions which I will describe in just a minute provide additional financing for the system by adjustments to the taxable wage base only without making any change in the social security tax rates.

The third modification in the Senate amendment, relating to the eligibility of adopted children, would also have had a significant cost. The modification contained in the motion is in the nature of a substitute amendment which the Conferees believe will make it possible for benefits to be paid to children who are adopted after a beneficiary is entitled to benefits in the most compelling cases without permitting children to be adopted for the sole purpose of increasing social security payments as the Senate amendment would have done. The proposed change would make it possible for social security beneficiaries to adopt grandchildren without the requirement that the child must have lived with them and been supported by them for a year before they became entitled to benefits but would require that the children have lived with and been supported by them for a year before the child becomes entitled to a social security benefit.

The financing for these changes in the law would be provided for under the motion by increasing the social security wage base which is used for taxation and benefit computation purposes to $12,600 beginning in 1974. Under present law, the wage base is scheduled to increase from $10,800 in 1973 to $12,000 in 1974 and to be automatically increased in the future as the average level of earnings covered under the social security system increases. Under the amendment provided for in the motion, $12,600 would be the new base figure which would be used to compute automatic increases in the taxable wage base in the future.

AMENDMENTS RELATING TO SUPPLEMENTAL SECURITY INCOME AND SOCIAL SERVICES

The Senate amendment would make a number of warranted changes in the new program of supplemental security income which will replace the State welfare programs for needy aged, blind and disabled persons in January 1974. As enacted last year, basic Federal benefits at that time were to be $130 for an individual and $195 for a couple. With the rapid inflation which has occurred since last fall, an increase in these amounts is clearly justified. They would be raised to $140 for an individual and $210 for a couple.

A number of features of the program have caused widespread concern. To meet these concerns several provisions were adopted and the first and perhaps most important of these is an assurance that anyone receiving welfare payments under the existing programs for the aged, blind, and disabled in December 1973, will not receive a reduction in total income when the program becomes Federal in January 1974. The amount of the supplemental security income payment, together with a State supplementation, if one is necessary to achieve this result, will at least equal the amount of assistance which they receive in December 1973. This provision would be a requirement only for 1 calendar year in order to prevent need requirements in the States for supplementation. It has been suggested that if the pattern is required for a year, there would be some assurance that it would be continued to the States after that time. The requirement would not apply where there was

a bona fide change in circumstances which reduced need and a specific exception is made for one State which cannot provide State supplementation under its constitution.

One of the major sources of concern in the supplemental security income program has been the lack of any provisions for the so-called essential persons. These are generally wives of eligible aged recipients who have not themselves reached age 65. In practically all States, some recognition is given to their needs. It accordingly is only fair that those individuals who are currently responsible for larger payments to the recipients be recognized and some provision made for them. The Federal payment in such a case would be increased to $210 a month, the same amount as for an individual living with an eligible spouse. This provision would not apply to persons becoming eligible for the supplemental security income program after December 1973. These provisions will do much to make the transition from the 50 different Federal-State assistance programs to the new Federal program smoother than it might otherwise be.

A provision of the Senate amendment would provide that in hiring Federal employees for the supplemental security income program a preference in employment would be given to State and local employees with comparable qualifications to other candidates and who would be involuntarily displaced when the new supplemental security income program goes into effect. Unlike the other provisions relating to supplemental security income, a modification to the Senate amendment is proposed in this case.

Another provision of the Senate amendment would establish for the supplemental security income program a requirement that blind applicants might have their blindness determined by either a physician skilled in diseases of the eye or an optometrist, whichever the individual might select. A similar provision has been in title x of the Social Security Act as a requirement for State aid to the blind programs since 1950 and has proved entirely workable.

Two provisions of the Senate amendment would greatly relieve the current concern regarding limitations on social services. One of these would postpone the regulations of the Department of Health, Education, and Welfare which are scheduled to become effective July 1, 1973, until January 1, 1974. This would not apply to those sections of the regulations which carry out explicit provisions of the last Congress putting fiscal limitations on social service limitations. They preserve this limitation.

A companion provision would repeal the so-called 90–10 rule with respect to services for aged, blind, and disabled persons. This provision of Public Law 92–512 provides that at least 90 percent of the services to aged, blind and disabled persons must be for actual applicants and recipients as compared to potential and former recipients.

While these steps do not solve the social service problems in its entirety, they will make it possible for States to continue existing activities and afford time for a permanent solution to be developed.

MEDICAID CHANGES

The Senate amendment included several provisions which would protect people from loss of eligibility to the medicaid program when the new Supplemental Security Income program becomes effective in January, 1974. The House conferees believe that these amendments are meritorious and are ones which would have been made in the last Congress had the consequences of the changeover to a federalized adult assistance program been fully realized. Specifically, the Senate amendment would provide that individuals who were eligible for medicaid in December, 1973, will not lose their eligiblity for medicaid when the new Supplemental Security Income program goes into effect. Three groups would be protected:

First, the disabled individual who does not meet the Federal definition of disability and who is eligible as a medically needy person,

Second, an individual who is an inpatient of a medical institution whose special needs as an inpatient make him eligible for assistance, and

Third, the eligible spouse of an eligible recipient of aid to the aged, blind, and disabled who is essential to the recipient's welfare.

In addition, the Senate amendment would extend from October, 1974, through June, 1975, the provision in present law which continues medicaid eligibility for those who would have lost their eligibility by reason of the 20 percent social security benefit increase effective last September. The House conferees believe that this amendment is also meritorious.

The final medicaid provision in the Senate amendment would delete a provision in present law which limits the average per diem costs for skilled nursing facilities and intermediate care facilities to no more than 5 percent a year. The wage-price guidelines which apply to such institutions already perform the type of function intended by this provision and will no doubt continue to do so for some time. The Department of Health, Education, and Welfare estimates that there will be no cost to this provision if the wage-price controls are kept in effect. For these reasons the conferees recommend adoption of this provision.

MATERNAL AND CHILD HEALTH

The Senate amendment also contained a provision amending the Maternal and Child Health program under title V of the Social Security Act. The Senate bill would extend the direct project grants for one year—from June 30, 1973, to June 30, 1974—and would make the following additional changes:

For fiscal year 1974 only, each State would receive [under authorization authority] the greater of first, the total of fiscal year 1973 project and formula grants or second, the sums such State would have received had the project grants not been extended for fiscal year 1974.

For fiscal year 1975 and later years, no State would be eligible for less funds than it received in fiscal year 1973 for both project grants and formula grants.

When the project grant authority lapses on June 30, 1974, the States would be required to make arrangements to provide for the continuation of appropriate services to groups previously receiving project grant funds.

The House conferees believe this would be a meritorious provision since it should assure the continuation of many existing worthwhile projects which are benefitting thousands of mothers and children in low-income ghetto and rural areas. The Senate amendment also provides assurance that States will not be disadvantaged by this change as compared with present law and that when the direct projects are phased out a year from now, the States will be ready to take over their support.

THE PRESIDENTIAL CAMPAIGN CHECKOFF PROVISION

The Senate amendment contained a provision providing for a modification in the presidential election campaign checkoff provision. This is the provision which provides for $1 per taxpayer being set aside for presidential campaign purposes. The amounts which were checked off for future presidential campaigns on the tax returns this year were relatively small. I understand that this year only 3.1 percent of the taxpayers used the provision. It is believed that the reason for this being so small was the fact that the Internal Revenue Service used a separate form to provide the checkoff.

To overcome this problem, the Senate amendment would have provided that the campaign checkoff designation is to be on the first page of the income tax return. It also would have required the Secretary of the Treasury to provide appropriate publicity with respect to the campaign checkoff each year, with emphasis on the taxpayers' rights to designate a portion of their tax payments for payment into the Presidential Election Campaign Fund. Finally, the Senate amendment would have converted the campaign fund checkoff to a nonparitsan checkoff.

At present, taxpayers can designate the party of their choice or can make a nonpartisan designation. The difficulty with the present procedure is that the partisan designation requires too much space to be placed on the front of the tax return form. In addition, it seems inappropriate for the person examining a tax return to know the taxpayer's political affiliation. Because of these problems, the Senate amendment modified existing law to provide for the nonpartisan designation.

The amendment which I bring to you retains the basic substance of the Senate provision. We found some modifications, however, to be desirable. We modified the Senate provision by providing that the checkoff provision can either be on the front of the return or on the side of the return where the taxpayer's signature is required. For the regular 1040 return, this is the front of the return, but for the short form, 1040A, the signature is on the second page of the return

and in this case it may be desirable to have the checkoff here. We gave the Treasury some flexibility but have still required it to have the checkoff where it will readily come to the taxpayer's attention.

We have also omitted from the Internal Revenue Code the requirement that the Treasury Department give publicity to the checkoff. We have assurances from the Secretary of the Treasury, however, that the checkoff will get a great deal of publicity year after year. In view of this, we could not see that adding the provision to the Internal Revenue Code achieved anything more.

Finally, we retain without change the Senate provision which required that the checkoff be in a nonpartisan form. This is essential if we are to have a simple checkoff on the return itself and also if we are not to disclose to the IRS the political affiliation of the taxpayer.

UNEMPLOYMENT COMPENSATION PROVISION

The Senate amendment contains a provision to amend the Extended Unemployment Compensation Act by modifying the "on" and "off" indicators which trigger the extended benefits program on and off in individual States. Under the Senate amendment, the present requirement that unemployment in a State must be 120 percent higher than it was in the comparable period in the prior 2 years in order to trigger the program into operation would be eliminated and the requirement that there be a 13-week period between the end of one State extended benefit period and the start of another would also be eliminated. These would have been permanent changes in the law.

Under the motion, States would be permitted from the date of enactment until December 31, 1973, to disregard the 120-percent requirement of existing law but the rate of insured employment in such States would have to be 4.5 percent rather than the 4 percent insured unemployment rate required under the regular trigger provision. The amendment further provides that an extended benefit period could remain in operation in such a State during this time so long as the insured unemployment rate remained 4 percent or above. In those States which paid extended benefits under this modification, persons who qualify for extended benefits under this authority prior to December 31, 1973, could continue to receive the extended benefits to which they are entitled during an additional 31 weeks or until the end of March 1974.

The extended benefits paid under this provision, including those paid during the tail-out period after December 31, 1973, would be financed equally from State and local funds as extended benefits are regularly financed under existing law.

According to the best estimates which the Department of Labor could furnish us, if all of the States affected by the amendment took full advantage of it, this temporary modification of the State "on" and "off" indicators would allow extended benefits to be paid in 6 States. The estimated additional benefits payable would be $115.7 million, at a cost of $60.6 million in Federal funds and $55.1 million in State fnnds and an estimated 176,500 workers would be able to receive extended benefits.

State	Number of beneficiaries (thousands)	State share of cost (millions)	Federal share ot cosf (millions)
Alaska	2.9	$0.8	$0.9
Massachusetts	52.7	13.7	16.8
New Jersey	55.9	22.4	22.4
Puerto Rico	28.8	5.2	5.2
Rhode Island	7.8	2.8	2.8
Washington	28.4	10.2	12.5
Total	176.5	55.1	60.6

PROVISIONS WHICH ARE IN THE SENATE AMENDMENT BUT WHICH ARE NOT IN THE HOUSE AMENDMENT

ANTI-IMPOUNDMENT AND EXPENDITURE CEILING

The Senate amendments would have provided an expenditure ceiling and would also have provided an anti-impoundment procedure. The expenditure ceiling would have been $268.7 billion and would have provided that, with the exception of a series of uncontrollable items, any reduction made in order to bring expenditures down to the ceiling would have to be made on a pro rata basis.

The impoundment procedure would have required reports on impoundments from the President, the review of these reports by the Comptroller General and his report to the Congress of those impoundments which did not comply with the antideficiency law. These impoundments within 60 days thereafter would become null and void if the Congress did not approve of them. Congress could also provide for their nullification within the 60-day period by action in a concurrent resolution.

The conferees concluded that these provisions should not be in our agreement because we know that other committees of the House are working on different answers to this spending ceiling problem and also the problem of controlling impoundments. We thought that the House should have an opportunity to work its will on these matters.

PASS-ALONG OF BENEFITS TO AFDC RECIPIENTS

One of the provisions in the Senate amendment to which the House conferees could not agree and do not recommend, is a provision of the amendment which would have provided a disregard of 5 percent of social security income for recipients of aid to families with dependent children program. This would affect only about 6 percent of AFDC families and create an additional inequity between social security income and income from other sources. It would also be difficult to administer on a percentage basis.

MEDICARE PROVISIONS

The Senate bill included a provision which expressed the sense of Congress that first, the President prepare and submit by September 1, 1973, a proposal to cover drugs under medicare, and second, the President's recommendations for medicare legislation to increase the deductibles and coinsurance should be withdrawn. Since no legislation to carry out the President's recommendations on the medicare program has been introduced in either House, the House conferees recommend that this provision of the Senate bill not be agreed to

These are people who need protection against what we have allowed to happen in the field of inflation, in my book, the most. These are the disabled and the others covered by social security. I could go on and on talking about this, Mr. Speaker, but I hear some reports—I want to refer to those—I hear some reports that there are those downtown in the administration who would have the President veto this bill because the total cost in it involving the matter of the social services, the increase in the amount we will pay to people in the adult categories of welfare coming into social security might add $1.4 billion to the amount of his budget.

However, that leaves us in a position of assuming that every penny he asks for in his budget, Congress is going to give him. We have the right, I think, to make the determinations here in the Congress as to what priorities will enjoy what moneys. That is a part of the constitutional responsibility of the Congress.

Let me say this to the President: I did not vote for it, but a majority of the House voted to authorize the President to bomb in Cambodia and Laos for 45 days between now and August 15. I would like to know how much that costs compared with the cost that is involved in this bill.

I would ask those Members who voted to authorize that bombing—the first time Congress has done it—I would ask them to make up their minds whether or not that expenditure, which is heavy, enjoys a higher priority than protecting these people from the ravages of inflation. That is all we are trying to do.

Mr. SCHNEEBELI. I yield myself 5 minutes.

Mr. Speaker, I rise in opposition to H.R. 8410 as reported from conference.

My opposition is based on two areas: first, the adverse fiscal impact, and second, the disorderly process by which this bill came to the floor of the House.

The chairman referred to the fiscal impact in his closing remarks. In fiscal 1974, the increased outlays will be $1.5 billion and by increasing the base we will bring in $100 million, for a net loss of $1.4 billion. In fiscal 1975, by the act we are discussing in this legislation, the increase in 1975 will be $2.9 billion with a revenue increase of $0.8 billion or a net loss of $2.1 billion. This is a total loss by this one bill which was rammed down our throats in conference of $3.5 billion.

Now, lest anyone think we are hardhearted about social security increases, let me point out that since January 1, 1970, social security benefits have been increased more than 51 percent. In those 3 years the cost of living has gone up 17 percent, by less than one-third of the increase we provided. The 20-percent increase that we put into effect last year was to carry us to January 1, 1975, but this increase in effect moves that date forward by 9 months.

There was reference made to the fact that the President might veto this message. Under the chaotic procedures employed in this bill, he is confronted with

a Hobson's choice: veto the bill, with its unstabling impact on Federal finances, or sign an irresponsible increase in Federal spending into law. The President, after being presented by Congress with this irresponsible dilemma, may well decide it is the lesser of two congressionally imposed evils to veto the bill. In the event he does, what will the fiscal consequences be in the event we have no debt ceiling?

At the close of business June 30, the debt subject to statutory limit will be $460 billion, well above the $400 billion permanent debt limit, and the Treasury operating balance will be $11–12 billion.

If the temporary debt limit is not extended, the Treasury could not issue any new debt after June 30.

The Treasury would immediately have to stop the sale of U.S. savings bonds. About 20,000 financial institutions acting as isuing agents would have to be notified that no further savings bonds could be issued. Over 40,000 corporate payroll savings plans, 9½ million individual payroll savers, and sales of $600 million a month would be affected. The consequences would be extremely disruptive to the savings bond program.

Savings bond redemptions are about $500 million per month. If after June 30 savings bond sales were stopped, redemptions would continue with a resulting net csah drain of about $500 million per month or more if the interruption of sales impaired the credit of the Government as it might.

Treasury securities reaching maturity could not be refunded and would have to be redeemed with cash. Treasury bills, amounting to $4.3 billion weekly, mature on July 5 and each Thursday thereafter. Another $1.7 billion of the monthly series of Treasury bills matures on July 31. Also, $800 million of special nonmarketable securities issued to foreign official institutions, which normally would be rolled over by July 5, would mature and have to be paid off in cash with a threat to already weakened international confidence in the dollar.

Reductions in the Treasury's cash balance and other monetary assets and receipts from taxes would be the only practical resources available to redeem maturing debt securities and to pay the Government's other bills as they came due. The Secretary of the Treasury has no authority to set priorities as to which of the Government's obligations to pay. Such obligations would have to be paid on a first-come-first-served basis for as long as the money lasted, whether the obligations were for maturing securities, interest on the debt, social security benefits, payments on contractual obligations, revenue sharing or salaries of Federal employees. Once the Treasury ran out of money, none of the Government's bills could be paid. The Government's credit would be impaired and the confidence of the people in the Congress, the Executive, indeed in all elected officials, would be impaired.

This is a sad situation. I intend to vote against the motion that will be offered to recede and concur with an amendment for the reasons I have outlined. If these nongermane amendments can be considered by the Ways and Means Committee after appropriate hearings that are consistent with orderly procedures. I urge my colleagues to join me in this approach.

Mr. REID. Mr. Speaker, will the gentleman from Oregon yield for a question?

Mr. ULLMAN. I am happy to yield to the gentleman from New York.

Mr. REID. I should like to ask a question about part D, social services regulations, social services regulations postponed.

First, it is my understanding that this amendment contains a prohibition for 6 months. To put it another way, there is a postponement by the Secretary of Health, Education, and Welfare of those regulations permitted earlier this year for 6 months.

Mr. ULLMAN. The gentleman is correct.

Mr. REID. Second, am I correct that the amendment contains the provision that eliminates the 90–10 provision for the aged, blind, and disabled, but leaves it for AFDC, with the five exemptions, including family planning, day care, alcoholism, and drug addiction?

Mr. ULLMAN. The gentleman is absolutely correct.

Mr. REID. Lastly, might I ask whether this amendment has the effect of retaining in force the provisions of Public Law 92–512 with the exception of the 90–10 provision I mentioned, which has the effect of a limitation of $2.5 billion on social services, but the clear mandate, if we want to put it that way, is the spending of the $2.5 billion.

Mr. ULLMAN. The gentleman from New York is correct.

Mr. REID. In other words, if I may ask this question, this would permit the States to proceed on the basis in essence of the old regulations for a period of 6 months with the one amendment that I mentioned?

Mr. ULLMAN. The gentleman is correct.

Mr. REID. Mr. Speaker, I thank the gentleman.

Mr. HANNA. Mr. Speaker, will the gentleman from Oregon (Mr. ULLMAN) yield?

Mr. ULLMAN. Yes, I yield to the gentleman from California.

Mr. HANNA. Mr. Speaker, I trust that the gentleman will be a little patient with this Member.

I am sitting here looking at the Senate-proposed amendments covering 49 pages and then the alternative amendments proposed by the chairman of the committee covering 39 pages. It is somewhat difficult for me to assimilate all of this in the very short time we have here tonight.

I have had added to that the confusion, however, from the statement of the chairman of the committee, and from what I thought I heard from the gentleman in the well, the very qualified minority leader.

Mr. Speaker, I asked how we were going to pay for this increase in the social security, and I understood from what the gentleman from Arkansas said, that it was provided for in his amendment by increasing the base against which the present existing percentage, which, as I understand it, is 5.5 percent by the employer and 5.5 percent by the employee and that base, as I read the bill, is changed from $12,000 to $12,600; is that correct?

Mr. ULLMAN. That is correct.

Mr. HANNA. Now, Mr. Speaker, what the gentleman in the well said was that that would raise $100 million, and the cost of this bill is $1.5 billion.

Now, that has me definitely confused, and I think, with that kind of a disparity, I should have a further explanation.

Mr. MILLS of Arkansas. Mr. Speaker will the gentleman from Oregon yield?

Mr. ULLMAN. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, the gentleman is correct about the $100 million, but what we are doing is financing the cost of the increase from $2,100 to $2,400 in the retirement test, and also the 5.6-percent increase in cash benefits, not over the 1-year period, but over the life-time of the actuarial determination—75 years.

Mr. HANNA. Mr. Speaker, may I ask the gentleman, what does that do in terms of the impact of this bill upon this budget this year?

Mr. MILLS of Arkansas. There will be a greater outflow in the fiscal year 1974, and that is the figure we have described to the gentleman. I think it is $500 million, or $600 million for two of them—the benefit increase and the earnings test increase. It is that much more than we take in.. There will be a greater amount of outflow in fiscal year 1974, it is true, but we do not have a budget for 1974 before us as yet.

Mr. HANNA. Mr. Speaker, what I was trying to determine—and I think now the crux of it is finally explained—is whether or not there is an amount of money which will not be covered by the present financing of this program, and the gentleman has now told me it will be between $500 and $600 million.

Mr. MILLS of Arkansas. For 1 year.

Mr. HANNA. The gentleman in the well described this along with the other program as having a projected impact of $1.5 billion.

Mr. MILLS of Arkansas. Mr. Speaker, if the gentleman from Oregon (Mr. ULLMAN) will yield further, the total cost of the bill over the budget, according to the administration's estimate—and I quarrel with two of those estimates—is $1.4 billion. But bear in mind that it is almost equally divided between the Federal fund and the social security trust fund.

I can assure the gentleman that the social security trust fund remains actuarially sound as a result of these two increases.

Mr. HANNA. But that we may have to have a coverage over the shortfall of other funds in order to meet the test?

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield further?

Mr. ULLMAN. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, if the gentleman wants to rely on this

concept of unified budget, yes. What I am saying is this: In the past we never included the social security trust fund in consideration of whether we have a balance or not. If we look at the unified budget, we have always got a lesser deficit. The people in America have never been able to understand, if you have a $200 billion budget, why we have to increase it by bringing it up to $20 billion. It is because we have the $18, $19, or $20 billion deficit through Federal funds. We have always got a surplus in the trust fund.

Mr. HANNA. Mr. Speaker, I appreciate the gentleman's willingness to clarify these points.

May I suggest to the gentleman and to the House that I, as one Member, if I was cynical, would tend to look at this package as if it were something that was made up by a very outstanding leader of finance in the Senate and a very outstanding leader of finance in the House and their staffs and brought to us at a rather late time in the night with some very complicated matters.

Try as you will as a serious and dedicated representative, it is just very difficult for us to understand precisely what is in these two packages of 49 pages on the one hand and 38 pages on the other hand.

I appreciate the gentleman's willingness to be patient with a person with as small an understanding as that of the gentleman from California.

Mr. SCHNEEBELI. Mr. Speaker, I yield 5 minutes to the distingiushed gentleman from Illinois (Mr. COLLIER) a very valued member of the committee.

(Mr. COLLIER asked and was given permission to revise and extend his remarks.)

Mr. COLLIER. Mr. Speaker, the colloquy that you have just heard between the members of the committee and the distinguished gentleman from California I think bears out exactly the dilemma in which we find ourselves in trying to legislate at this late hour on this type of procedure.

On repeated occasions over the months I have heard deep concern expressed by Members of this House, and indeed justifiably so, over the usurpation of the powers of this body and in fact the erosion of the prerogatives and responsibilities of this House of Representatives.

Let me tell you, if you ever had an opportunity and a responsibility to preserve and maintain some of these prerogatives, it is in voting down this conference report this evening. Here you have a sickening example of the roughshod way in which the Senate because of its procedures which defy logical and orderly rules of germaneness seeks to legislate as it darned pleases without regard for the prerogatives of this house.

I think the gentleman pointed out, and very significantly so, that when you get these types of procedure which invades several existing statutes on a take-it-or-leave-it basis with absolutely no opportunity to be selective, you can expect exactly what you have here this evening.

There are many things in the proposal that are good and amendments upon which we can all agree on; but is this the way to legislate?

Let me tell you why you do not have to take this action right now and why it is absolutely unnecessary to do it in this way. Starting at the top, the social security increases will not become effective, as you know, until April 3, 1974. We have plenty of time to deal with this problem, and I am sure that the committee would do this. We would have an opportunity, also, to determine sensibly, in accordance with the actuaries of the social security fund, what the raise should be and not arbitrarily grab 12.6 as the taxable base. It should probably be 13.2, and I would vote for 13.2, as I am sure most Members of this House would, in order to maintain the soundness of the social security fund.

The retirement test does not become effective until January 1. Why in the name of commonsense are we here at this hour before a recess dealing with these things when their effective dates are down the road 9 months to a year? As I just pointed out, you have plenty of time to do this, and we would do it in a responsible way during the ensuing months and not in the manner in which we are doing it here.

The other amendments, if you look at them, are mostly very minor, but there is not a single one that should be attached to the debt ceiling bill that we are dealing with today.

In conclusion, Mr. Speaker, I would say to all of you that you should really stop to think about the procedure before us. I think it bears repeating, because I have substantially said this earlier this evening.

Look down the road a few months, and there is no one in this Chamber, not a Member of this House who would some time or other, if we accept this type of arrogant procedure—and that is exactly what it is—tonight, we will have established a precedent that every Member of this House will be foreclosed at some time in the future from the right to be selective as competent legislators, from the right to handle legislation in the orderly manner in which I think all of the Members believe. And if we do not do this we will be victimized by this type of procedure again and again and again in this House. And I implore all of the Members of the House to make certain that we are never faced with this kind of a situation again. And the best way to correct it is to vote down this proposition tonight.

Mr. ULLMAN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Ms. ABZUG).

(Ms. ABZUG asked and was given permission to revise and extend her remarks.)

Ms. ABZUG. Mr. Speaker, I wonder if the gentleman can tell me if there are provisions in this amendment which guarantee that the increases will not result in disadvantaging—in disadvantaging the aged, the blind, or those on welfare who may not become eligible for their benefits as a result of the increase?

Mr. ULLMAN. Mr. Speaker, this bill overall is a tremendous advantage to the disadvantaged people of this country, the aged, the blind, and the disabled. The supplemental benefits, the SSI benefits, are increased from $130 to $140.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, I think what the gentlewoman from New York is talking about is protection for these people against a reduction in payment by the State. The States, all of the States with the exception of Texas, are mandated to maintain those levels of benefits which are being paid on December of 1973. We have excluded Texas because of a provision in the constitution of that State that would make it impossible for that State to comply with the mandate.

Ms. ABZUG. In other words, as a result of the increases in their income this will not be a disadvantage to those who are presently receiving medicaid?

Mr. MILLS of Arkansas. We have protected everyone who is eligible for medicaid for a period to June 30, 1975. We also protected those people who are called essential persons in the household in their rights to medicaid.

Ms. ABZUG. What about those who are receiving assistance in public housing?

Mr. MILLS of Arkansas. No, we do not have jurisdiction over that, I will say to the gentlewoman from New York, if the gentlewoman will yield for one more second, that was not in the conference.

Ms. ABZUG. What about the other assistance programs?

Mr. MILLS of Arkansas. Other assistance programs? We did not do it with respect to food stamps because that too was not in the conference, and was not in the jurisdiction of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House. But we did take those provisions that were in the conference that tended to protect presently eligible people against any loss in their eligibility for the programs that are mentioned.

Ms. ABZUG. And on veterans benefits, I take it that is true also?

Mr. MILLS of Arkansas. No, the Committee on Veterans' Affairs of the House will have to make a decision of whether or not it wants the social security increase to be disregarded as income for purposes of determining a veteran's eligibility under the veterans laws to a pension.

Ms. ABZUG. What would happen then with respect to those who are receiving assistance in public housing, and those receiving food stamps?

Mr. MILLS of Arkansas. This has no effect whatsoever upon those programs.

Ms. ABZUG. So that that would have to be done by having the committees who have jurisdiction over those subject matters provide that the increase in social security will in no way affect the benefits which they would receive under present law?

Mr. MILLS of Arkansas. That is within their jurisdiction to do if they decide to do it, yes, but we did not do it.

Mr. SCHNEEBELI. Mr. Speaker, I yield 5 minutes to one of the conferees on our side, the gentleman from Virginia (Mr. BROYHILL).

(Mr. BROYHILL of Virginia asked and was given permission to revise and extend his remarks.)

Mr. BROYHILL of Virginia. Mr. Speaker, it has become obvious that we

are confronted with an ironical, if not a ridiculous, situation. We have here a bill before us for reconsideration which, when it passed the House a few weeks ago, would not have cost the taxpayers one thin dime, not one red cent. Since that time the other body has added on a long list of nongermane amendments that will cost, when they have been implemented by the end of fiscal year 1975, over $3.5 billion.

Incidentally, Mr. Speaker, the cost of these amendments would have been even higher than that if the conferees had not provided some funding for the social security increases. The total first year cost of these Senate amendment would have been over $4.6 billion. We did provide for an increase in the wage base in conference, an increase in the total wage base up to $12,600 beginning on January 1, 1974, and up to $13,500 in 1975. But even the $1 billion a year addition to the social security fund we provided, will still not pay the cost of the social security benefit increase alone. So, these Senate amendments are still inflationary and all of us are aware of the complaints of our constituents about the constant increase in the cost of living. This type of legislation cannot but add to the existing inflationary pressures.

As all of us know, we are never going to stop inflation unless we do something about stopping spending or stopping the increase in spending.

Here is an interesting point, Mr. Speaker. When the other body added on this total of somewhere around $4.6 billion in increases, in order to show their fiscal responsibility, they added on an amendment restricting spending for fiscal year 1974 to $268.7 billion. Then, in addition to that, they added on an anti-impoundment provision which requires the President to send his intended impoundments to the Congress and obtain approval before funds can be impounded. They were the only two items of any consequence that we were able to have removed in conference. And then, it was for the most part because they were contradictory to the other increases in the Senate bill.

Nevertheless, as long as the spending items remain in the bill, other programs are going to have to be cut. Funds are going to have to be impounded by the President, or we are going to continue to have runaway inflation.

The main point I want to make, Mr. Speaker, and a point on which so many Members who have already spoken here have expressed their concern is that none of the items are added by the Senator or contained in this Senate amendment have been given any consideration in hearings. Had they originated in the House, as they should have, they would have received thorough consideration by the Committee on Ways and Means. They would have been the subject of several weeks of public hearings, many hours of discussion with the executive branch, and probably they would have been brought to the floor of the House under a closed rule which, in my view, would have been accepted because we could have reported to the Members and assured the Members of the House that they had received thorough consideration. It would have been and remains improper and unwise to write this type of bill on the floor of the House.

But what happened? Over in the other body they added all these provisions onto this debt ceiling bill without public hearings, without any real serious consideration, with absolutely no discussion whatsoever with any representative of the executive branch. In fact, many of these amendments were added on the floor of the Senate by a voice vote. None of the amendments was on the same subject matter of the original bill.

Yet, we are called upon in the closing hours of this particular day, to accept them en bloc with very limited debate. I say this is not a good way to legislate. In fact, it is an incredible way to legislate, and the chairman of our Committee on Ways and Means admitted that himself. It is not fair to the Members of this House, because we do not have the same opportunity to work our will as that afforded the Members of the other body.

I think it is most unfortunate, Mr. Speaker, that these amendments have been attached to a bill that must be enacted into law by tomorrow night. Unfortunately, we may not really have any other choice but to accept this amendment, approve the bill, and send it down to the White House for signature. However, even if that is the result, I think all of us have an obligation to protest this procedure to insure that it will not be used again.

Mr. ULLMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Speaker, I do not know what everybody is getting so aroused about. All we are talking about is raising social security 5.6 percent and raising the earning test from $2,100 to $2,400 per year, and there is no big increase in the social security tax. In fact everybody earning under $12,000 a year will not pay an additional penny to finance these adjustments. They will cost approximately $34.80 a year for all those people earning $12,000 or more. In other words, if a fellow is earning $100,000 in salary, he is going to contribute $34.80 a year more to help pay for this.

So, Mr. Speaker, I do not see what the great disturbance is about. I can understand my friends on the other side on some of the minute issues, but this is a very small increase. If I had my way I would increase social security by 50 percent. That would be more realistic. When we are talking about the increases which were granted since 1970, we are talking about an increase on a very low base. What is 50 percent of nothing? It is nothing.

So, Mr. Speaker, I hope the chairman is successful in his move here tonight and I hope the entire membership will vote for this 5.6 percent and not vote against it. Do not vote against the 25 million, already people in this Nation who are looking for this slight increase.

Mr. SCHNEEBELI. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CONABLE), a member of the committee.

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I am sad at heart to be back in the well under these circumstances again after having been through this procedure last year with respect to the 20-percent benefit increase. I personally think that a pretty good case can be made for the 5.6 percent social security increase that is being suggested here because the people who are dependent on these benefits probably spend a larger proportion of their income for food than most other economic groups in the country and the cost of food has gone up.

A great stress has been put on the 30 million people who receive benefits under the Social Security Act. There are 90 million people who are paying into the social security at this point, and if I were one or those—of course we in this body are not—I would be deeply concerned about where the Social Security Administration is headed. Twice now we have come before the House under this kind of subverted procedure and have made major changes in the Social Security Act. We have no idea what the fiscal impact of these changes is going to be, what the actuarial impact will be, and what long-term economic consequences will flow from this uncertain provision.

I tell my friends in this House that we have no business playing politics with something as important to the American people as their social security system. They deserve better.

I myself therefore can perhaps resolve in my own mind the issue of the 5.6-percent benefit increase which after all is going to come out of a cost-of-living increase to take effect the beginning of 1975 in any event, but do not let anyone tell you that is the only issue in this bill. That is only the bait. There are major revisions of the Welfare Act here.

The Members have heard a laundry list of changes relating to other provisions of the law. I do not think there is a person in this Chamber who does not feel some uneasiness at this point about legislating under these circumstances. I myself, who am proud to be a Member of this House and proud to be a member of the Ways and Means Committee, have a somewhat dirty feeling to be manipulated in this way, as we are being manipulated, cynically.

It seems to me, therefore, that there is an issue here which overrides the good that can be achieved if we accept this measure. We should know from studies of government that the end does not justify the means. We should know also that anything as important as the welfare of all under the social security law should be studied by Members of the House, as well as by those few people in the Senate who may have understood what their individual amendments were as they pressed them on the members of the conference.

Mr. Speaker, I myself am deeply concerned about this procedure. I would hope

that my distinguished chairman is concerned about it also. I have the feeling that we are being manipulated, and it demeans us to permit ourselves so to be manipulated.

I would hope that we will have hearings somewhere, in some responsible committee of the House or the Senate, or a joint committee, to find out where we are headed in social security; where we are headed in welfare and what the full implications of these measures being rammed down our throats tonight are.

Mr. Speaker, I urge my colleagues to look into their hearts as they are asked to vote in this kind of a subverted procedure, and decide if they really want to legislate in this way.

Mr. DU PONT. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Delaware.

(Mr. DU PONT asked and was given permission to revise and extend his remarks.)

Mr. DU PONT. Mr. Chairman, I rise this evening to object most strongly to the procedure adopted by the House and the Senate in considering this bill.

Several weeks ago the House passed the debt ceiling increase bill. This legislation must be passed by the Congress by June 30, or the credit of the U.S. Government will be called into question. We will not be able to meet our responsibilities, nor will the Government be able to function. So the bill must be passed.

What happened when the bill passed the House and reached the Senate? Some 20 nongermane amendments—amendments that have nothing to do with the debt ceiling increase—were attached by the Senate. We now have a bill before us—a $3 billion bill that contains social security benefit increases, welfare rules changes, old-age and disability pension rules changes, among other things.

With no debate on the merits of these issues, with no committee consideration of far-reaching changes in the law—in short, with nothing but irresponsible legislative procedure on the part of the U.S. Senate, we are asked to approve this bill.

The people of Delaware and the Nation deserve adequate, responsible, and careful consideration of any expenditure of $3 billion—let alone major revisions to more than half a dozen governmental programs.

Will the amendments be fiscally sound? We do not know. Will the social security system be able to afford a benefit increase without a tax increase? We do not know. What will the effect of the various regulation changes be on their programs? We do not know.

I do not believe that I, or any other Member of Congress, can responsibly vote for such a measure. I do not believe that I can support a procedure that forbids me from voting on these unrelated measures individually—but insists that I vote up or down on all the programs at once in a bloc.

In short, Mr. Speaker, the House—and, indeed the Senate—should be ashamed of the irresponsible procedure it is adopting this evening. The nongermane amendments should be stricken from the bill, and given adequate consideration by the committees of the Congress. Any other procedure is indefensible.

Mr. FRENZEL. Mr. Speaker, as Member after Member of this body has already stated, we have been forced into the ridiculous and embarrassing situation of giving final approval to a mixed bag of nongermane junk under a system of closed rule, gag rule, or no rule.

This sort of procedure does no credit to this body or any of its members, but it reflects especially on the leadership of both Houses.

If the people of this country ever imagined that Congress wrote laws without consideration, and approved laws without ever seeing the language, their confidence would not be low, their confidence in their Government would absent completely.

If this procedure were used only once, it would merely be an outrage. This is the second time on this bill. The outrage has been compounded.

Thirty-nine pages or 48 pages of law—what does it matter? Since we haven't considered it, and have not even seen it, it may as well be 1,000 pages. I wish the leadership of this House and this Committee would help me explain how we passed this law to the young people of my district when I visit them in their classrooms or in their homes.

I cannot vote for a bill under these circumstances. I have misgivings about voting for a bill that will add at least $1.4 billion of expense over the budget. That's a serious problem. But it's not nearly so serious as the disregard for order, reason, and rule.

It is obvious to me that a body which cannot follow its own rules cannot possibly regain, assert, or exercise its constitutional powers. Worse, it can not hold, nor does it deserve, the confidence of the people it poorly represents.

I strongly urge that the motion to recede be defeated and that the conferees be sent back to conference, and instructed to bring a report on each element of which this House can at least express its opinion.

Mr. ULLMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. CORMAN).

(Mr. CORMAN asked and was given permission to revise and extend his remarks.)

Mr. CORMAN. Mr. Speaker, I support the proposal of the committee, and I hope it is adopted.

It is my understanding that it will then be flown to San Clemente. I request that something else be flown to San Clemente with this bill: The speech of the gentleman from Pennsylvania (Mr. SCHNEEBELI) because he portrayed for this Congress very clearly the impact on the Treasury, on the dollar, if we do not increase the debt ceiling.

I hope the President will read Mr. SCHNEEBELI's speech before he decides whether to veto or to sign the bill. I sincerely hope he reads that speech and decides to sign the bill. If he does not, if he vetoes it, three possibilities then face the Nation.

First, we may have two-thirds to override the veto, and then there will be no great problem. If we do not, the President may have a majority of the House who will again give in to his pressure and give him the debt ceiling that pleases him. But there is a strong probability that neither of those two things will happen. We will not have the two-thirds to override, but the Congress may refuse to do precisely what the President asks.

I hope he reads Mr. SCHNEEBELI's remarks and decides to sign the bill.

Mr. SCHNEEBELI. Mr. Speaker, I yield the balance of the time on this side to the distinguished minority leader (Mr. GERALD R. FORD).

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Speaker, I am disturbed about two aspects of the situation we face today, at this time, on this legislation. I am disturbed as to the procedure that we are utilizing in bringing this legislation before the House today. I have some grave concern about certain financial aspects of this legislation.

To some extent, the procedure and the financial aspects are intertwined. The facts are that no hearings were held in the House Committee on Ways and Means in 1973 on anything other than the problems involving the debt limitation.

I add, no hearings in 1973 were held in the Senate Committee on Finance on anything other than the debt limitation problems in this legislation.

I believe this is very bad procedure, when we consider the amount of money involved, the tax problems involved, and many other ramifications concerning this legislation.

As I said at the outset, there are some questions raised as to the financial aspects involved in this legislation. I have before me a chart or a sheet prepared by the executive branch. It points out the cost projection for the amendments to the debt ceiling bill. It shows that in fiscal year 1974 the total deficit because of this legislation would be $1,328 million, of which $500 million would come in the account of the social security. The same material furnished to me by the executive branch shows that in fiscal year 1975 there will be a net deficit of $2,414 million, of which $1.2 billion comes from a social security account.

I have talked with my friend the chairman of the Committee on Ways and Means and asked him his impression and his opinion as to these figures. I believe the chairman agrees with the figures so far as social security is concerned for fiscal year 1974 and fiscal year 1975, but he has grave doubts and misgivings about the accuracy of the figures as to the other amendments. Is that correct?

Mr. MILLS of Arkansas. The gentleman is correct.

Mr. GERALD R. FORD. I have great respect for the chairman of the committee, and I cannot challenge his figures, and I cannot challenge the figures given to me by Social Security. What these differences illustrate is that there were no hearings in the House and no hearings in the Senate, so we have no way of hav-

ing a give and take as to the validity of their figures or of the gentleman's figures.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I am glad to yield to the gentleman from Arkansas.

Mr. MILLS of Arkansas. The gentleman should take note that it is not a deficit being created in the social security fund. There will still be more money, in calendar year 1973, 1974, and 1975, taken in, far more than we will be spending. We merely reduce the surplus in each of those years.

I can assure my friend that the motion I have made maintains the actuarial soundness of the Social Security System.

Mr. GERALD R. FORD. Am I correct in understanding that the amendments included here for Social Security maintain the financial integrity over a period of 75 years?

Mr. MILLS of Arkansas. That is right.

Mr. GERALD R. FORD. So we have to run out 75 years before we come to the conclusion that we really are being honest with ourselves.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield further?

Mr. GERALD R. FORD. Surely.

Mr. MILLS of Arkansas. Let me translate it another way. We were told in conference by the actuaries that this increase, moving forward this cost of living from the 1st of January, 1975 to the 1st of April of 1974 involved as a percent of payroll 0.01 percent. That is over a 75-year period, because they are really getting it about 9 months earlier.

Mr. GERALD R. FORD. I am glad there are some prospective amendments resulting from the conference, because this amendment before us is far superior to the bill passed by the other body.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from New York.

Mr. CONABLE. May I ask the chairman if it is not true that the trust fund now will go down below the standards we ourselves set for the cushion we should have in it at any given time.

Mr. MILLS of Arkansas. It will go down for a period of about 2 or 3 years. The gentleman is correct.

Mr. CONABLE. It will be below the total of the last 2 or 3 years?

Mr. MILLS of Arkansas. It will be above that figure but it will go down for 2 or 3 years.

Mr. CONABLE. Assuming that we do not do anything further. However, that is a rather interesting assumption.

Mr. GERALD R. FORD. Mr. Speaker, I would like to make two other points.

Number one, the other body has used a very skillful but, I think, a very unfair device to prevent the House from having a vote on each of the areas of disagreement. They have put a number of amendments in one amendment. They bundled them together, and we either accept all of them or we reject all of them. This is, I think, a very unfortunate parliamentary situation.

Number two, it appears to me that the fact that we do not have a permanent debt ceiling means that every 4, 6, or 12 months we are going to be faced with this problem. I think this is the best argument I know of for a permanent debt ceiling, because people who believe in the financial integrity of the Federal Government are getting, if I might be very blunt, "shafted" because you now have these questionable amendments on legislation that comes up every 4, 6, or 8 months, and we are caught in the bind of having to take this kind of nongermane provisions whether we like it or not.

Mr. Speaker, I think people who have finnacial integrity as a guidepost, legislatively speaking, ought to learn a lesson from not having a permanent debt ceiling.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Speaker, I appreciate the gentleman yielding to me under the circumstances.

Given the parliamentary situation in which we find ourselves, it seems to me that the only alternative that we have got left is to attempt to divide the question. Let us vote on the motion offered by the gentleman from Arkansas to recede. If the House votes it down, as I would hope it would, then under the rules it would be permissible to recede in the conference. We have lost the option to send this back to the conference. We have lost the option because of the way in which the Senate defined the amendment to try to separate out the issues.

Mr. Speaker, as far as I am concerned, I shall seek at least to divide the question, and hopefully we can vote down the question to recede and try to send this back for conference and find out what the problem is between the conferees.

Mr. GERALD R. FORD. Mr. Speaker, in conclusion, I think the President and most of us could take the debt ceiling with the social security provisions, but I do not think the House in its wisdom ought to approve the amendment to be offered by my friend, the gentleman from Arkansas, because of certain other aspects. I think it is an amendment which contains points which in my opinion are fiscally irresponsible.

Mr. MILLS of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Mississipi (Mr. MONTGOMERY).

(Mr. MONTGOMERY asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I serve on the Pension and Compensation Committee of the Committee on Veterans' Affairs, and a number of the Members have asked me tonight how this will affect the veteran who draws a Government pension check and also a social security check.

Mr. Speaker, up until the 20-percent social security increase that we had, the Committee on Veterans' Affairs considered legislation that was passed by the House and the Senate that made up for the pension loss of the social security increase. but we have not yet brought out a bill that takes care of the 20-percent increase in social security. So many of the Members have been hearing from their constitutents that their veterans' checks were cut. It is left up to the Committee on Veterans' Affairs to bring out a bill. We are now having hearings at this time and hope to bring out a bill, particularly correcting this problem.

My point is, Mr. Speaker, that the veteran's check would be decreased again when you add on a 5-percent social security increase.

You say now why does not your committee bring this bill out. We are considering a bill for a cost-of-living increase to at least 8 percent. This will increase the veteran's check up some but not to what he lost before. I wish we could raise the veteran back to his original pension, but the cost would be almost impossible to the Treasury.

I only bring out this point to say that there will be another decrease in the veteran's pension check when you add on 5 percent more.

Mr. YOUNG of Florida. Will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman.

Mr. YOUNG of Florida. I thank the gentleman for yielding.

I wonder if the gentleman has any comments as to why the Senate could not take care of this problem and at the same time add on these other items in the bill.

Mr. MONTGOMERY. They should have taken care of it.

Mr. MILLS of Arkansas. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

Mr. STEIGER of Wisconsin. Mr. Speaker, on the motion of the gentleman from Arkansas I demand a division of the question.

The SPEAKER. A division is demanded. The question is, Shall the House recede from its disagreement to the amendment of the Senate?

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. STEIGER of Wisconsin. Mr. Speaker, I have a motion.

PARLIAMENTARY INQUIRIES

Mr. MILLS of Arkansas. The gentleman's demand for a division vote failed, did it not?

The SPEAKER. There was a demand for a division of the question.

Mr. MILLS of Arkansas. That was the request, and that was defeated? I am sorry. I thought the gentleman asked for a division vote.

Mr. STEIGER of Wisconsin. Mr. Speaker, a demand for a division of the question is in order, is it not, at any time without reference to a rollcall on that question?

The SPEAKER. The gentleman is correct, until the question is put.

Mr. STEIGER of Wisconsin. And secondly, Mr. Speaker, as a further parliamentary inquiry, the motion is put by the Chair, Shall the House recede, and the Chair ruled, did he not, that the noes had it?

Mr. HAYS. Mr. Speaker, I was on my feet asking for a recorded vote.

The SPEAKER. The gentleman from

Ohio was on his feet, but the Chair did not hear him.

RECORDED VOTE

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 185, noes 190, not voting 58, as follows:

[Roll No. 319]

AYES—185

Abzug	Green, Pa.	Perkins
Adams	Gude	Peyser
Addabbo	Hamilton	Pickle
Alexander	Hammer-schmidt	Pike
Anderson, Calif.	Hanley	Poage
Andrews, N.C.	Hawkins	Podell
Annunzio	Hays	Preyer
Barrett	Hechler, W. Va.	Price, Ill.
Bergland	Heckler, Mass.	Randall
Bevill	Helstoski	Rangel
Biaggi	Hicks	Rees
Biester	Holifield	Reid
Bingham	Holtzman	Reuss
Boggs	Howard	Riegle
Boland	Ichord	Rinaldo
Bolling	Johnson, Calif.	Rodino
Bowen	Jones, Okla.	Roe
Brademas	Jones, Tenn.	Roncalio, Wyo.
Brasco	Jordan	Rooney, Pa.
Brooks	Karth	Rose
Burke, Mass.	Kastenmeier	Rosenthal
Burleson, Tex.	Kazen	Rostenkowski
Burlison, Mo.	Kluczynski	Roy
Burton	Koch	Roybal
Carey, N.Y.	Kyros	St Germain
Carney, Ohio	Leggett	Sarbanes
Casey, Tex.	Lehman	Schroeder
Chisholm	Litton	Seiberling
Clay	Long, La.	Shipley
Collins, Ill.	Long, Md.	Sisk
Conte	McCormack	Slack
Corman	McDade	Smith, Iowa
Cotter	McFall	Staggers
Cronin	McKay	Stanton, James V.
Culver	Macdonald	Stark
Daniels, Dominick V.	Mahon	Steed
Davis, S.C.	Mann	Stephens
de la Garza	Matsunaga	Stokes
Dellums	Mazzoli	Stratton
Denholm	Meeds	Stubblefield
Diggs	Melcher	Stuckey
Dingell	Metcalfe	Studds
Donohue	Mezvinsky	Symington
Dorn	Milford	Thornton
Drinan	Mills, Ark.	Udall
Dulski	Minish	Ullman
Eckhardt	Mink	Van Deerlin
Edwards, Calif.	Mitchell, Md.	Vanik
Eilberg	Moakley	Vigorito
Evans, Colo.	Mollohan	Waldie
Flood	Moorhead, Pa.	White
Foley	Morgan	Wilson, Charles H., Calif.
Ford, William D.	Moss	Wilson, Charles, Tex.
Fraser	Murphy, Ill.	Wolff
Fulton	Murphy, N.Y.	Yates
Gaydos	Natcher	Yatron
Gettys	Nedzi	Young, Ga.
Giaimo	Nichols	Young, Tex.
Gibbons	Nix	Zablocki
Gonzalez	Obey	
Grasso	O'Neill	
Gray	Owens	
	Patten	
	Pepper	

NOES—190

Abdnor	Camp	Dellenback
Anderson, Ill.	Carter	Dennis
Archer	Cederberg	Devine
Arends	Chamberlain	Dickinson
Armstrong	Chappell	Downing
Bafalis	Clancy	Duncan
Baker	Clausen, Don H.	du Pont
Beard	Clawson, Del	Edwards, Ala.
Bennett	Cleveland	Erlenborn
Bray	Cochran	Esch
Breckinridge	Cohen	Eshleman
Brinkley	Collier	Findley
Broomfield	Collins, Tex.	Flynt
Brotzman	Conable	Ford, Gerald R.
Brown, Calif.	Conlan	Forsythe
Brown, Mich.	Coughlin	Fountain
Brown, Ohio	Crane	Frelinghuysen
Broyhill, N.C.	Daniel, Dan	Frenzel
Broyhill, Va.	Daniel, Robert W., Jr.	Frey
Buchanan	Davis, Ga.	Froehlich
Burgener	Davis, Wis.	Gilman
Butler	Delaney	Ginn
Byron	Dent	Goldwater
Goodling	Mathias, Calif.	Sikes
Gross	Mathis, Ga.	Skubitz
Guyer	Mayne	Smith, N.Y.
Haley	Michel	Snyder
Hanna	Miller	Spence
Hanrahan	Mitchell, N.Y.	Stanton, J. William
Hansen, Idaho	Mizell	Steele
Harsha	Montgomery	Steelman
Harvey	Moorhead, Calif.	Steiger, Wis.
Hastings	Mosher	Symms
Heinz	Myers	Talcott
Henderson	Nelsen	Taylor, Mo.
Hinshaw	O'Brien	Taylor, N.C.
Hogan	Parris	Teague, Calif.
Holt	Passman	Thomson, Wis.
Horton	Pettis	Thone
Hosmer	Powell, Ohio	Towell, Nev.
Hudnut	Price, Tex.	Treen
Hunt	Pritchard	Vander Jagt
Hutchinson	Quillen	Veysey
Jarman	Railsback	Waggonner
Johnson, Colo.	Rarick	Walsh
Johnson, Pa.	Regula	Wampler
Jones, N.C.	Rhodes	Ware
Kemp	Roberts	Whalen
Ketchum	Robinson, Va.	Whitehurst
Kuykendall	Robison, N.Y.	Whitten
Landgrebe	Rogers	Widnall
Latta	Roncallo, N.Y.	Williams
Lent	Runnels	Wilson, Bob
Lott	Ruppe	Winn
McClory	Ruth	Wydler
McCloskey	Sarasin	Wylie
McCollister	Satterfield	Wyman
McEwen	Saylor	Young, Alaska
McKinney	Scherle	Young, Fla.
Madigan	Schneebeli	Young, Ill.
Mailliard	Sebelius	Young, S.C.
Mallary	Shoup	Zion
Maraziti	Shriver	Zwach
Martin, Nebr.	Shuster	
Martin, N.C.		

NOT VOTING—58

Andrews, N. Dak.	Fish	McSpadden
Ashbrook	Fisher	Madden
Ashley	Flowers	Minshall, Ohio
Aspin	Fuqua	O'Hara
Badillo	Green, Oreg.	Patman
Bell	Griffiths	Quie
Blackburn	Grover	Rooney, N.Y.
Blatnik	Gubser	Roush
Breaux	Gunter	Rousselot
Burke, Calif.	Hansen, Wash.	Ryan
Burke, Fla.	Harrington	Sandman
Clark	Hébert	Steiger, Ariz.
Conyers	Hillis	Sullivan
Danielson	Huber	Teague, Tex.
Delaney	Hungate	Thompson, N.J.
Dent	Jones, Ala.	Tiernan
Derwinski	Keating	Wiggins
Evins, Tenn.	King	Wright
Fascell	Landrum	Wyatt
	Lujan	

So the motion to recede was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Thompson of New Jersey for, with Mr. Hébert against.

Mrs. Burke of California for, with Mr. Fisher against.

Mr. Dent for, with Mr. Ashbrook against.

Mr. Rooney of New York for, with Mr. Derwinski against.

Mr. Madden for, with Mr. Blackburn against.

Mr. Breaux for, With Mr. Burke of Florida against.

Mr. Clark for, with Mr. Huber against.

Mr. Danielson for, with Mr. King against.

Mrs. Hansen of Washington for, with Mr. Rousselot against.

Mr. O'Hara for, with Mr. Steiger of Arizona against.

Mr. Roush for, with Mr. Wiggins against.

Mrs. Sullivan for, with Mr. Bell against.

Mr. Tiernan for, with Mr. Andrews of North Dakota against.

Mr. Blatnik for, with Mr. Gubser against.

Mr. Ashley for, with Mr. Lujan against.

Until further notice:

Mrs. Green of Oregon with Mr. Flowers.

Mr. Ryan with Mr. Fuqua.

Mr. Badillo with Mr. Conyers.

Mr. Delaney with Mr. Fish.

Mr. Evins of Tennessee with Mr. Hillis.

Mr. Fascell with Mr. Keating.

Mr. Gunter with Mr. Minshall of Ohio.

Mr. Aspin with Mr. Quie.

Mr. Hungate with Mr. Sandman.

Mr. Jones of Alabama with Mr. Wyatt.

Mr. McSpadden with Mr. Patman.

Mrs. Griffiths with Mr. Wright.

Mr. Harrington with Mr. Teague of Texas.

The result of the vote was announced as above recorded.

MOTION OFFERED BY MR. MILLS OF ARKANSAS

Mr. MILLS of Arkansas. Mr. Speaker, I move that the House insist on its disagreement and request a further conference with the Senate.

The motion was agreed to.

The SPEAKER. The chair appoints the following conferees: Messrs. MILLS of Arkansas, ULLMAN, BURKE of Massachusetts, Mrs. GRIFFITHS, Messrs. SCHNEEBELI, COLLIER, and BROYHILL of Virginia.

FURTHER CONFERENCE

Mr. MILLS of Arkansas. Mr. Speaker, in view of the vote to not recede, it is necessary to return to conference. I am not certain when we can return, but I am convinced, in conversation with others, that it will not be possible for us to do it tonight.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Speaker, I appreciate very much the gentleman from Arkansas yielding to me.

Would it be possible for the gentleman from Arkansas to attempt to give the House some idea as to whether or not, when a new report comes from the conference, that we can find ourselves with a conference report rather than the system that was used tonight?

Mr. MILLS of Arkansas. Mr. Speaker, I cannot concede to the gentleman from Wisconsin, because we are still operating under the rules of the House, which provide that any amendment which is not germane to the subject matter of the bill under the rule of the House should not be included in a conference report, and therefore should be brought back for a separate vote.

The situation in that respect would not vary one iota. The subject matter within the amendment in disagreement could vary, but still we would have one amendment because we are dealing with one Senate amendment.

Mr. STEIGER of Wisconsin. Mr. Speaker, if the gentleman will yield further, I am sure the gentleman from Arkansas knows that we have a provision, rule XXVII, clause 4, in which in fact it is possible for the House to accept nongermane amendments.

Mr. MILLS of Arkansas. Yes, it is possible if there is no point of order made. We could include nongermane amendments within a conference report, but I have been trying to follow the spirit of the rules of the House.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Speaker, is there any

chance that when the gentleman goes back to conference, that they could clean this thing up so that when a social security recipient gets raised 5 percent, he does not get cut 10 percent by the Federal Government if he is a veteran, or by the State if he is getting welfare?

That is what lost the motion for the gentleman here this morning. I talked with 15 or 20 Members who do not want to raise the social security of a veteran and then have his veteran's pension cut. What good would that do him? If this is a cost-of-living increase, he would gain no ground whatsoever.

Mr. MILLS of Arkansas. If the gentleman will allow, that is not in the conference related or unrelated to the subject matter.

Mr. HAYS. It does not need to be related. If it is nongermane, just put it in and let the House vote.

Mr. MILLS of Arkansas. Then any one Member could object to its inclusion.

Mr. HAYS. If the gentleman does not do that, he can let it lay over the proper number of days. I had intended to make a trip to Ohio. I could make the objection and let it lay over.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from California.

Mr. CORMAN. Is a motion to instruct conferees in order at this time?

Mr. MILLS of Arkansas. It comes too late.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I appreciate the gentleman's yielding.

I have been voting on social security amendments for at least a couple of years now. I just wonder, when it comes to increasing social security benefits, if the chairman can tell us whether his committee ever intends to originate such a bill in this House.

Mr. MILLS of Arkansas. The Ways and Means Committee on many, many occasions, has originated social security benefit increase bills in the House.

Mr. BROWN of Michigan. Which ones, Mr. Speaker, have been passed in the last few years?

Mr. MILLS of Arkansas. The benefits since 1950 have been increased by about 356 percent.

Mr. BROWN of Michigan. Mr. Speaker, I would ask about the last 2 years?

Mr. MILLS of Arkansas. The 20 percent last year did originate in the Senate, but I would remind the gentleman that the House had acted earlier by including a benefit increase in H.R. 1. Furthermore, in February of 1972 I introduced a 20-percent increase which was cosponsored by many Members of the House and recommended that the Senate include such an increase in H.R. 1. The only reason why social security benefit increases have originated in the Senate during the past 2 or 3 years is that the Senate has been unable to complete action on the social security bills we have sent them.

Mr. BROWN of Michigan. I would suggest that the last one which originated in the House was in 1969, as I recall.

The point is that some of these days, once in awhile, they should originate here instead of constantly being riders from the Senate.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. LONG. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 8410.

The ACTING PRESIDENT pro tempore laid before the Senate a message from the House of Representatives an-

nouncing its disagreement to the amendment of the Senate to the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, and requesting a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LONG. I move that the Senate insist upon its amendment and agree to the request of the House for a further conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

93D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 93-362

PUBLIC DEBT LIMITATION

JUNE 30, 1973.—Ordered to be printed

Mr. MILLS of Arkansas, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 8410]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, having met, after full and free conference, have been unable to agree.

W. D. MILLS,
AL ULLMAN,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
H. R. COLLIER,
JOEL T. BROYHILL,
Managers on the part of the House.
RUSSELL B. LONG,
H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the part of the Senate.

83-006

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. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, report that the conferees have been unable to agree.

W. D. MILLS,
AL ULLMAN,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
H. R. COLLIER,
JOEL T. BROYHILL,
Managers on the part of the House.

RUSSELL B. LONG,
H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the part of the Senate.

H. Rept. 93-362

* * * * *

CONFERENCE REPORT ON H.R. 8410, PUBLIC DEBT LIMITATION

Mr. MILLS of Arkansas submitted the following conference report and statement on the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes:

CONFERENCE REPORT (H. REPT. 93-362)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, having met, after full and free conference, have been unable to agree.

W. D. MILLS,
AL ULLMAN,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
H. R. COLLIER,
JOEL T. BROYHILL,
Managers on the Part of the House.

RUSSELL B. LONG,
H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the Part of the Senate.

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. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes, report that the conferees have been unable to agree.

W. D. MILLS,
AL ULLMAN,
MARTHA GRIFFITHS,
H. T. SCHNEEBELI,
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JOEL T. BROYHILL,
Managers on the Part of the House.

RUSSELL B. LONG,
H. E. TALMADGE,
ABRAHAM RIBICOFF,
WALLACE F. BENNETT,
CARL T. CURTIS,
Managers on the Part of the Senate.

Mr. MILLS of Arkansas. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report and the Senate amendment reported from the conference is disagreement on the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the conference report.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read the Senate amendment as follows:

Page 3, after line 9, insert:

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this sec-

tion, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1973 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after December 1973 and prior to January 1975.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not (except for purposes of section 203(a)(2) of such Act, as in effect after December 1973) be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act;

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after December 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after December 1974. The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplementary security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified, in subsection (a)(1)(A) and (2)(A), and subsection (b)(1) and (2), of section 1611 of such Act, shall each be increased by $840 for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

(2) The provisions of section 1611(g) of the Social Security Act (as in effect after December 1973) shall, in the case of any qualified individual (as defined in subsection (b)), be applied so as to include, in the resources of such individual, the resources of any person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for the aid or assistance referred to in subsection (b)(1).

(b) For purposes of this section, an individual shall be a "qualified individual" only if—

(1) for the month of December 1973 such individual was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act, and

(2) in determining the need of such individual for such aid or assistance for such month under such State plan, there were taken into account the needs of a person (other than such individual) who—

(A) was living in the home of such individual, and

(B) was not eligible (in his or her own right) for aid or assistance under such State plan for such month.

(c) The term "essential person", when used in connection with any qualified individual, means a person who—

(1) for the month of December 1973 was a person (described in subsection (b)(2)) whose needs were taken into account in determining the need of such individual for aid or assistance under a State plan referred to in subsection (b)(1) as such State plan was in effect for June 1973,

(2) lives in the home of such individual,

(3) is not eligible (in his or her own right) for supplemental security income benefits under title XVI of the Social Security Act (as in effect after December 1973), and

(4) is not the eligible spouse (as that term is used in such title XVI) of such individual or any other individual.

If for any month after December 1973 any person fails to meet the criteria specified in paragraph (2), (3), or (4) of the preceding sentence, such person shall not, for such month or any month thereafter be considered to be an essential person.

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

SEC. 212. (a)(1) In order for any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to be eligible for payments pursuant to title XIX, with respect to expenditures for any quarter beginning after December 1973, and prior to January 1, 1975, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") whereby the State will provide to individuals residing in the State supplementary payments as required under paragraph (2).

(2) Any agreement entered into by a State pursuant to paragraph (1) shall provide that each individual who—

(A) is an aged, blind, or disabled individual (within the meaning of section 1614(a) of the Social Security Act, as enacted by section 301 of the Social Security Amendments of 1972), and

(B) for the month of December 1973 was a recipient of (and was eligible to receive) aid or assistance (in the form of money payments) under a State plan of such State (approved under title I, X, XIV, or XVI of the Social Security Act)

shall be entitled to receive, from the State the supplementary payment described in paragraph (3) for each month, beginning with January 1974 and ending with the close of December 1974 (or, if later, the close of the month the State, at its option, may specify in the agreement or in a subsequent modification of the agreement), or, if earlier, whichever of the following first occurs:

(C) the month in which such individual dies, or

(D) the first month in which such individual ceases to meet the condition specified in subparagraph (A); except that no individual shall be entitled to receive such supplementary payment for any month, if, for such month, such individual was ineligible to receive supplemental income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(2) or (3) or section 1611(f) of such Act.

(3)(A) The supplementary payment referred to in paragraph (2) which shall be paid for any month to any individual who is entitled thereto under an agreement entered into pursuant to this subsection shall (except as provided in subparagraph (D)) be an amount equal to (i) the amount by which such individual's "December 1973 income" (as determined under subparagraph (B)) exceeds the amount of such individual's "title XVI benefit plus other income" (as determined under subparagraph (C)) for such month, or (ii) if greater, such amount as the State may specify.

(B) For purposes of subparagraph (A), an individual's "December 1973 income" means an amount equal to the aggregate of—

(i) the amount of the aid or assistance (in the form of money payments) which such individual would have received (including any part of such amount which is attributable to meeting the needs of any other person whose presence in such individual's home is essential to such individual's well-being) for the month of December 1973 under a plan (approved under title I, X, XIV, or XVI, of the Social Security Act) of the State entering into an agreement under this subsection, if the terms and conditions of such plan (relating to eligibility for and amount of such aid or assistance payable thereunder) were, for the month of December 1973, the same as those in effect, under such plan, for the month of June 1973, and

(ii) the amount of the income of such individual (other than the aid or assistance described in clause (i)) received by such individual in December 1973, minus any such income which did not result, but which if properly reported would have resulted in a reduction in the amount of such aid or assistance.

(C) For purposes of subparagraph (A), the amount of an individual's "title XVI benefit plus other income" for any month means an amount equal to the aggregate of—

(i) the amount (if any) of the supplemental security income payment to which such individual is entitled for such month under title XVI of the Social Security Act, and

(ii) the amount of any income of such individual for such month (other income in the form of a payment described in clause (i)).

(D) If the amount determined under subparagraph (B)(i) includes, in the case of any individual, an amount which was payable to such individual solely because of—

(i) a special need of such individual (including any special allowance for housing, or the rental value of housing furnished in kind to such individual in lieu of a rental allowance) which existed in December 1973, or

(ii) any special circumstances (such as the recognition of the needs of a person whose presence in such individual's home, in December 1973, was essential to such individual's well-being),

and, if for any month after December 1973 there is a change with respect to such special need or circumstance which, if such change had existed in December 1973, the amount described in subparagraph (B)(i) with respect to such individual would have been reduced on account of such change, then, for such month and for each month thereafter the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual shall (unless the State, at its option, otherwise specifies) be reduced by an amount equal to the amount by which the amount (described in subparagraph (B)(i)) would have been so reduced.

(b)(1) Any State having an agreement with the Secretary under subsection (a) may enter into an administration agreement with the Secretary whereby the Secretary will, on behalf of such State, make the supplementary payments required under the agreement entered into under subsection (a).

(2) Any such administration agreement between the Secretary and a State entered into under this subsection shall provide that the State will (A) certify to the Secretary the names of each individual who, for December 1973, was a recipient of aid or assistance (in the form of money payments) under a plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, together with the amount of such assistance payable to each such individual and the amount of such individual's December 1973 income (as defined in subsection (a)(3)(B)), and (B) provide the Secretary with such additional data at such times as the Secretary may reasonably require in order properly, economically, and efficiently to carry out such administration agreement.

(3) Any State which has entered into an administration agreement under this subsection shall, at such times and in such installments as may be agreed upon between the Secretary and the State, pay to the Secretary an amount equal to the expenditures made by the Secretary as supplementary payments to individuals entitled thereto under the agreement entered into with such State under subsection (a).

(c)(1) Supplementary payments made pursuant to an agreement entered into under subsection (a) shall be excluded under section 1612(b)(6) of the Social Security Act (as in effect after December 1973) in determining income of individuals for purposes of title XVI of such Act (as so in effect).

(2) Supplementary payments made by the Secretary (pursuant to an administration agreement entered into under subsection (b)) shall, for purposes of section 401 of the Social Security Amendments of 1972, be considered to be payments made under an agreement entered into under section 1616 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972); except that nothing in this paragraph shall be construed to waive, with respect to the payments so made by the Secretary, the provisions of subsection (b) of such section 401.

(d) For purposes of subsection (a)(1), a State shall be deemed to have entered into an agreement under subsection (a) of this section if such State has entered into an agreement with the Secretary under section 1616 of the Social Security Act under which—

(1) individuals, other than individuals described in subsection (a)(2)(A) and (B), are entitled to receive supplementary payments, and

(2) supplementary benefits are payable, to individuals described in subsection (a)(2)(A) and (B) at a level and under terms and conditions which meet the minimum requirements specified in subsection (a).

(e) Except as the Secretary may by regulations otherwise provide, the provisions of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), including the provisions of part B of such title, relating to the terms and conditions under which the benefits authorized by such title are payable shall, where not inconsistent with the purposes of this section, be applicable to the payments made under an agreement under subsection (b) of this section; and the authority conferred upon the Secretary by such title may, where appropriate, be exercised by him in the administration of this section.

(f) The provisions of subsection (a)(1) shall not be applicable in the case of any State—

(1) the Constitution of which contains provisions which make it impossible for such State to enter into and commence carrying out (on January 1, 1974) an agreement referred to in subsection (a), and

(2) the Attorney General (or other appropriate State official) of which has, prior to July 1, 1973, made a finding that the State Constitution of such State contains limitations which prevent such State from making supplemental payments of the type described in section 1616 of the Social Security Act.

PREFERENCE FOR PRESENT STATE AND LOCAL EMPLOYEES

SEC. 213. The Secretary of Health, Education, and Welfare, in the recruitment and selection for employment of personnel whose services will be utilized in the administration of the Federal program of supplemental security income for the aged, blind, and disabled (established by title XVI of the Social Security Act), shall give a preference to qualified applicants for employment who are employed in the administration of any State program approved under title I, X, XIV, or XVI of such Act or who were so employed and were displaced from their employment as a result of the displacement of such State program by such Federal program.

DETERMINATION OF BLINDNESS UNDER SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 214. Section 1633 of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(a)" immediately after "SEC. 1633.",

(2) by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (b), the Secretary", and

(3) by adding at the end thereof the following new subsection:

"(b) In determining, for purposes of this title, whether an individual is blind, there shall be an examination of such individual by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select."

INCREASE IN EARNINGS LIMITATION

SEC. 215. (a) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$250".

(b) The first sentence of paragraph (3) of section 203(f) is amended to read as follows: "For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of $250 multiplied by the number of months in such year."

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$175" and inserting in lieu thereof "$250".

(d) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

PART C—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 220. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting ", and, effective February 1, 1974, shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall effective February 1, 1974, be deemed to contain a provision (relating to the disregarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

PART D—SOCIAL SERVICES REGULATIONS

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 230. (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 1, 1974, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in section 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) 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 by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating

to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

PART E—PROVISIONS RELATING TO MEDICAID

COVERAGE OF ESSENTIAL PERSONS UNDER MEDICAID

SEC. 240. (a) In addition to the requirements imposed by other provisions of law as a condition of approval of a State plan under title XIX of the Social Security Act, there is hereby imposed the requirement (and each such plan shall be deemed to require) that assistance be provided under such plan to any individual who, as an "essential person" (as defined in subsection (b)), was eligible for assistance under such plan (as such plan was in effect for December 1973), for each month, after December 1973, that such individual continues to meet the criteria, as an essential person, for eligibility under such plan (as such plan was in effect for December 1973).

(b) As used in subsection (a), the term "essential person" means a person who—

(1) for the month of December 1973, was present in the home of an individual who was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act, and

(2) was not a recipient of such aid or assistance (in his or her own right) for such month, but whose needs were taken into account in determining the need of such individual for and the amount of aid or assistance (referred to in paragraph (1)) provided to such individual.

PERSONS IN MEDICAL INSTITUTIONS

SEC. 241. For purposes of section 1902(a)(10) of the Social Security Act, any individual who—

(1) for all (or any part of) the month of December 1973 was an inpatient in an institution qualified for reimbursement under title XIX of the Social Security Act, and

(2) would (except for his being an inpatient in such institution) have been eligible to receive aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act,

shall be deemed to be receiving such aid or assistance for such month and for each succeeding month in a continuous period of months if, for each month in such period—

(3) such individual continues to be (for all of such month) an inpatient in such an institution and would (except for his being an inpatient in such institution) continue to meet the conditions of eligibility to receive aid or assistance under such plan (as such plan was in effect for December 1973), and

(4) such individual is determined (under the utilization review and other professional audit procedures applicable to State plans approved under title XIX of the Social Security Act) to be in need of care in such an institution.

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 242. For purposes of section 1902(a)(10) of the Social Security Act, any individual who, for the month of December 1973 was eligible (under the provisions of subparagraph (B) of such section) for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a State plan approved under title I, X, XIV, or XVI of such Act), shall be deemed to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973).

EXTENSION OF SECTION 249E OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 243. Section 249E of the Social Security Amendments of 1972 is amended by striking out "October 1974" and inserting in lieu thereof "July 1975".

REPEAL OF SECTION 225 OF SOCIAL SECURITY AMENDMENTS OF 1972

SEC. 244. (A) Section 1903 of the Social Security Act as amended by striking out subsection (j) thereof (as added by section 225 of Public Law 92-603).

(b) The amendment made by subsection (a) shall be applicable in the case of expenditures for skilled nursing services and for intermediate care facility services furnished in calendar quarters which begin after December 31, 1972.

PART F—PROVISIONS RELATING TO MATERNAL AND CHILD HEALTH

GRANTS TO STATES FOR MATERNAL AND CHILD HEALTH

SEC. 250. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(3) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under section 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had to been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act,

then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to

the allotments of all States (as determined under paragraph (1)).

PART G—PROVISIONS RELATING TO CHILD'S SOCIAL SECURITY INSURANCE BENEFITS

BENEFITS FOR ADOPTED CHILDREN

SEC. 260. (a) Section 202(d)(8)(D) of the Social Security Act is amended by striking out clause (ii) thereof.

(d) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

PART H—SENSE OF CONGRESS RELATIVE TO THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

COVERAGE OF ESSENTIAL OUT-OF-HOSPITAL PRESCRIPTION DRUGS

SEC. 270. It is the sense of Congress that—

(a) the President prepare and submit, not later than September 1, 1973, a proposal to provide for the coverage, under the supplementary medical insurance program established by part B of title XVIII of the Social Security Act, of essential out-of-hospital prescription drugs, and such other proposals as he deems appropriate for the extension of the benefits provided under parts A and B of such title,

(b) the recommendations of the President to increase out-of-pocket payments for the aged and disabled under the health programs established by such title XVIII should be withdrawn.

TITLE III—IMPOUNDMENT CONTROL PROCEDURES

SEC. 301. The Congress finds that—

(1) the Congress has the sole authority to enact legislation and appropriate moneys on behalf of the United States;

(2) the Congress has the authority to make all laws necessary and proper for carrying into execution its own powers;

(3) the Executive shall take care that the laws enacted by Congress shall be faithfully executed;

(4) under the Constitution of the United States, the Congress has the authority to require that funds appropriated and obligated by law shall be spent in accordance with such law;

(5) there is no authority expressed or implied under the Constitution of the United States for the Executive to impound budget authority and the only authority for such impoundments by the executive branch is that which Congress has expressly delegated by statute;

(6) by the Antideficiency Act (Rev. Stat. sec. 3679), the Congress delegated to the President authority, in a narrowly defined area, to establish reserves for contingencies or to effect savings through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which appropriations are made available;

(7) in spite of the lack of constitutional authority for impoundment of budget authority by the executive branch and the narrow area in which reserves by the executive branch have been expressly authorized in the Antideficiency Act, the executive branch has impounded many billions of dollars of budget authority in a manner contrary to and not authorized by the Antideficiency Act or any other Act of Congress;

(8) impoundments by the executive branch have often been made without a legal basis;

(9) such impoundments have totally nullified the effect of appropriations and obligational authority enacted by the Congress and prevented the Congress from exercising its constitutional authority;

(10) the executive branch, through its presentation to the Congress of a proposed budget, the due respect of the Congress for the views of the executive branch, and the power of the veto, has ample authority to affect the appropriation and obligation process without the unilateral authority to impound budget authority; and

(11) enactment of this legislation is necessary to clarify the limits of the existing legal authority of the executive branch to impound budget authority, to reestablish a proper allocation of authority between the Congress and the executive branch, to confirm the constitutional proscription against the unilateral nullification by the executive branch of duly enacted authorization and appropriation Acts, and to establish efficient and orderly procedures for the reordering of budget authority through joint action by the Executive and the Congress, which shall apply to all impoundments of budget authority, regardless of the legal authority asserted for making such impoundments.

SEC. 302. (a) Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States, impounds any budget authority made available, or orders, permits, or approves the impounding of any such budget authority by any other officer or employee of the United States, the President shall, within ten days thereafter, transmit to the Senate and the House of Representatives a special message specifying—

(1) the amount of the budget authority impounded;

(2) the date on which the budget authority was ordered to be impounded;

(3) the date the budget authority was impounded;

(4) any account, department, or establishment of the Government to which such impounded budget authority would have been available for obligation except for such impoundment;

(5) the period of time during which the budget authority is to be impounded, to include not only the legal lapsing of budget authority but also administrative decisions to discontinue or curtail a program;

(6) the reasons for the impoundment, including any legal authority invoked by him to justify the impoundment and, when the justification invoked is a requirement to avoid violating any public law which establishes a debt ceiling or a spending ceiling, the amount by which the ceiling would be exceeded and the reasons for such anticipated excess; and

(7) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the impoundment.

(b) Each special message submitted pursuant to subsection (a) shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each such message may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(c) A copy of each special message submitted pursuant to subsection (a) shall be transmitted to the Comptroller General of the United States on the same day as it is transmitted to the Senate and the House of Representatives. The Comptroller General shall review each such message and determine whether, in his judgment, the impoundment was in accordance with existing statutory authority, following which he shall notify both Houses of Congress within 15 days after the receipt of the message as to his determination thereon. If the Comptroller General determines that the impoundment was in accordance with section 3679 of the Revised Statutes (31 U.S.C. 665), commonly referred to as the "Antideficiency Act", the provisions of section 303 and section 305 shall not apply. In all other cases, the Comptroller General shall advise the Congress whether the impoundment was in accordance with other existing statutory authority and sections 303 and 305 shall apply.

(d) If any information contained in a special message submitted pursuant to subsection (a) is subsequently revised, the President shall transmit within ten days to the Congress and the Comptroller General a supplementary message stating and explaining each such revision.

(e) Any special or supplementary message transmitted pursuant to this section shall be printed in the first issue of the Federal Register published after that special or supplemental message is so transmitted and may be printed by either House as a document for both Houses, as the President of the Senate and Speaker of the House may determine.

(f) The President shall publish in the Federal Register each month a list of any budget authority impounded as of the first calendar day of that month. Each list shall be published no later than the tenth calendar day of the month and shall contain the information required to be submitted by special message pursuant to subsection (a).

SEC. 303. The President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States shall cease the impounding of any budget authority set forth in each special message within sixty calendar days of continuous session after the message is received by the Congress unless the specific impoundment shall have been ratified by the Congress by passage of a concurrent resolution in accordance with the procedure set out in section 305: *Provided, however,* That Congress may by concurrent resolution disapprove any impoundment in whole or in part, at any time prior to the expiration of the sixty-day period, and in the event of such disapproval, the impoundment shall cease immediately to the extent disapproved. The effect of such disapproval, whether by concurrent resolution passed prior to the expiration of the sixty-day period or by the failure to approve by concurrent resolution within the sixty-day period, shall be to make the obligation of the budget authority mandatory, and shall preclude the President or any other Federal officer or employee from reimpounding the specific authority set forth in the special message which the Congress by its action or failure to act has thereby rejected.

SEC. 304. For purposes of this title, the impounding of budget authority includes—

(1) withholding, delaying, deferring, freezing, or otherwise refusing to expend any part of budget authority made available (whether by establishing reserves or otherwise) and the termination or cancellation of authorized projects or activities to the extent that budget authority has been made available.

(2) withholding, delaying, deferring, freezing, or otherwise refusing to make any allocation of any part of budget authority (where such allocation is required in order to permit the budget authority to be expended or obligated),

(3) withholding, delaying, deferring, freezing, or otherwise refusing to permit a grantee to obligate any part of budget authority (whether by establishing contract controls, reserves, or otherwise), and

(4) any type of Executive action or inaction which effectively precludes or delays the obligation or expenditure of any part of authorized budget authority.

SEC. 305. The following subsections of this section are enacted by the Congress:

(a)(1) As an exercise of the rulemaking power of the Senate and the House of Rep-

resentatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(b)(1) For purposes of this section, the term "resolution" means only a concurrent resolution of the Senate or House of Representatives, as the case may be, which is introduced and acted upon by both Houses at any time before the end of the first period of sixty calendar days of continuous session of the Congress after the date on which the special message of the President is transmitted to the two Houses.

(2) The matter after the resolving clause of a resolution approving the impounding of budget authority shall be substantially as follows (the blank space being appropriately filled): "That the Congress approves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ——."

(3) The matter after the resolving clause of a resolution disapproving, in whole or in part, the impounding of budget authority shall be substantially as follows (the blank spaces being appropriately filled): "That the Congress disapproves the impounding of budget authority as set forth in the special message of the President dated ————, Senate (House) Document No. ———— (in the amount of $————)."

(4) For purposes of this subsection, the continuity of a session is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the sixty-day period.

(c)(1) A resolution introduced, or received from the other House, with respect to a special message shall not be referred to a committee and shall be privileged business for immediate consideration, following the receipt of the report of the Comptroller General referred to in section 302(c). It shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. Such motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) If the motion to proceed to the consideration of a resolution is agreed to, debate on the resolution shall be limited to ten hours, which shall be divided equally between those favoring and those opposing the resolution. Debate on any amendment to the resolution (including an amendment substituting approval for disapproval in whole or in part or substituting disapproval in whole or in part for approval) shall be limited to two hours, which shall be divided equally between those favoring and those opposing the amendment.

(3) Motions to postpone, made with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(d) If, prior to the passage by one House of a resolution of that House with respect to a special message, such House receives from the other House a resolution with respect to the same message, then—

(1) If no resolution of the first House with respect to such message has been introduced, no motion to proceed to the consideration of any resolution with respect to the same message may be made (despite the provisions of subsection (c)(1) of this section).

(2) If a resolution of the first House with respect to such message has been introduced—

(A) the procedure with respect to that or other resolutions of such House with respect to such message shall be the same as if no resolution from the other House with respect to such message had been received; but

(B) on any vote on final passage of a resolution of the first House with respect to such message the resolution from the other House with respect to such message shall be automatically substituted for the resolution of the first House.

(c) If a committee of conference is appointed on the disagreeing votes of the two Houses with respect to a resolution, the conference report submitted in each House shall be considered under the rules set forth in subsection (c) of this section for the consideration of a resolution, except that no amendment shall be in order.

(f) Notwithstanding any other provision of this section, it shall not be in order in either House to consider a resolution with respect to a special message after the two Houses have agreed to another resolution with respect to the same message.

(g) As used in this section, the term "special message" means a report of impounding action made by the President pursuant to section 302 or by the Comptroller General pursuant to section 306.

SEC. 306. If the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States takes or approves any impounding action within the purview of this title, and the President fails to report such impounding action to the Congress as required by this title, the Comptroller General shall report such impounding action with any available information concerning it to both Houses of Congress, and the provisions of this title shall apply to such impounding action in like manner and with the same effect as if the report of the Comptroller General had been made by the President: *Provided, however,* That the sixty-day period provided in section 303 shall be deemed to have commenced at the time at which, in the determination of the Comptroller General, the impoundment action was taken.

SEC. 307. Nothing contained in this title shall be interpreted by any person or court as constituting a ratification or approval of any impounding of budget authority by the President or any other Federal employee, in the past or in the future, unless done pursuant to statutory authority in effect at the time of such impoundment.

SEC. 308. The Comptroller General is hereby expressly empowered as the representative of the Congress through attorneys of his own selection to sue any department, agency, officer, or employee of the United States in a civil action in the United States District Court for the District of Columbia to enforce the provisions of this title, and such court is hereby expressly empowered to enter in such civil action any decree, judgment, or order which may be necessary or appropriate to secure compliance with the provisions of this title by such department, agency, officer, or employee. Within the purview of this section, the Office of Management and Budget shall be construed to be an agency of the United States, and the officers and employees of the Office of Management and Budget shall be construed to be officers or employees of the United States.

SEC. 309. (a) Notwithstanding any other provision of law, all funds appropriated by law shall be made available and obligated by the appropriate agencies, departments, and other units of the Government except as may be provided otherwise under this title.

(b) Should the President desire to impound any appropriation made by the Congress not authorized by this title or by the Antideficiency Act, he shall seek legislation utilizing the supplemental appropriations process to obtain selective rescission of such appropriation by the Congress.

SEC. 310. If any provision of this title, or the application thereof to any person, impoundment, or circumstance, is held invalid, the validity of the remainder of the title and the application of such provision to other persons, impoundments, or circumstances, shall not be affected thereby.

SEC. 311. The provisions of this title shall take effect from and after the date of enactment.

TITLE IV—CEILING ON FISCAL YEAR 1974 EXPENDITURES

SEC. 401. (a) Except as provided in subsection (b) of this section, expenditures and net lending during the fiscal year ending June 30, 1974, under the budget of the United States Government, shall not exceed $268,700,000,000.

(b) If the estimates of revenues which will be received in the Treasury during the fiscal year ending June 30, 1974, as made from time to time, are increased as a result of legislation enacted after the date of the enactment of this Act reforming the Federal tax laws, the limitation specified in subsection (a) of this section shall be reviewed by Congress for the purpose of determining whether the additional revenues made available should be applied to essential public services for which adequate funding would not otherwise be provided.

SEC. 402. (a) Notwithstanding the provisions of any other law, the President shall, in accordance with this section, reserve from expenditure and net lending, from appropriations, or other obligational authority otherwise made available, such amounts as may be necessary to keep expenditures and net lending during the fiscal year ending June 30, 1974, within the limitation specified in section 401.

(b) In carrying out the provisions of subsection (a) of this section, the President shall reserve amounts proportionately from new obligational authority and other obligational authority available for each functional category, and to the extent practicable, subfunctional category (as set out in table 3 of the United States Budget in Brief for fiscal year 1974), except that no reservations shall be made from amounts available for interest, veterans' benefits and services, payments from social insurance trust funds, public assistance maintenance grants, and supplemental security income payments under the Social Security Act, food stamps, military retirement pay, medicaid, and judicial salaries.

(c) Reservations made to carry out the provisions of subsection (a) of this section shall be subject to the provisions of title III of this Act, except that—

(1) if the Comptroller General determines under section 302(c), with respect to any such reservation, that the requirements of proportionate reservations of subsection (b) of this section have been complied with, then sections 303 and 305 shall not apply to such reservation, and

(2) the provisions of section 303 which preclude reimpoundment shall not apply with respect to any such reservation.

(d) In no event shall the authority conferred by this section be used to impound funds, appropriated or otherwise made available by Congress, for the purpose of eliminating a program the creation or continuation of which has been authorized by Congress.

SEC. 403. In the administration of any program as to which—

(1) the amonut of expenditures is limited pursuant to this title, and

(2) the allocation, grant, apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution,

the amount available for expenditure (after the application of this title) shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

TITLE V—LIMITATION OF USE ON APPROPRIATED FUNDS

PROHIBITION AGAINST THE USE OF APPROPRIATED FUNDS FOR COMBAT ACTIVITIES IN CAMBODIA AND LAOS

SEC. 501. No funds heretofore or hereafter appropriated under any Act of Congress may be obligated or expended to support directly or indirectly combat activities in, over, or from off the shores of Cambodia or in or over Laos by United States forces.

TITLE VI—UNEMPLOYMENT COMPENSATION ACT AMENDMENT

SEC. 601. Section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and as if paragraph (1) of section 203 (b) did not contain subparagraph (B) thereof.".

TITLE VII—MISCELLANEOUS

SEC. 701. (a) Section 6096(c) of the Internal Revenue Code of 1954 (relating to manner and time of designation) is amended—

(1) by striking out ", in such manner as the Secretary or his delegate may prescribe by regulations", and

(2) by adding at the end thereof the following new sentence: "Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made on the first page of the return."

(b) The amendments made by this section shall apply with respect to taxable years ending after the date of enactment of this Act.

SEC. 702. The Secretary of the Treasury shall cause the publishing and broadcasting of information concerning the Presidential Election Campaign Fund Act during each year, with particular emphasis upon the taxpayer's right to designate a portion of his tax payment for payment into the Presidential Election Campaign Fund for the use of the candidates of a political party without any increase in his tax liability. The Secretary shall report to the Congress not later than the first day of September of each year a detailed account of the means by which he intends to carry out his duty under this section, which shall include, but not be limited to, a description of facsimile copy of all public notices, the availability of such notices to broadcasting stations, and any other arrangements he may have made to publicize the fund and the taxpayers' right of designation under section 6096 of the Internal Revenue Code of 1954.

SEC. 703. (a) Section 6096 of the Internal Revenue Code of 1954 (relating to designation of income tax payments to Presidential Election Campiagn Fund) is amended by striking out the first sentence and inserting in lieu tehreof "Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006 (a)."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Presidential Election Campaign Fund.' The Secretary shall, from time to time, transfer to the fund an amount equal to the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) INSUFFICIENT AMOUNTS IN FUND.—

"(1) If at the time of a certification by the Comptroller General under section 9005 for payment to eligible candidates of a political party, the moneys in the fund are insufficient to pay to all eligible candidates the amounts to which they are then entitled (as determined by the Secretary after consultation with the Comptroller General), payments to each eligible candidate shall be reduced pro rata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the fund.

"(2) If, at the close of the expenditure report period, the moneys in the fund are not sufficient to satisfy the unpaid entitlements of all eligible candidates, the balance in the fund shall be paid to eligible candidates in the following manner:

"(A) For the candidates of a major party, compute the percentage which the number of popular votes received by the candidates for President of the major parties is of the total number of popular votes cast for the office of President in the election, and divide such percentage by the number of major parties.

"(B) For the candidates of a minor or new party, compute the percentage which the popular votes received for President by the candidate of such party is of the total number of popular votes cast for the office of President in the election.

"(C) Pay to the eligible candidates of each party the same percentage of the amount of the money in the fund as the percentage obtained under subparagraph (A) or (B) for candidates of such party."

SEC. 704. Section 1130(a)(2) of the Social Security Act is amended—

(1) by striking out "of the amounts paid (under all of such sections)" and inserting in lieu thereof "of the amounts paid under such section 403(a)(3)"; and

(2) by striking out "under State plans approved under titles I, X, XIV, XVI, or part A of title IV" and inserting in lieu thereof "under the State plan approved under part A of title IV".

Mr. MILLS (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment, which is some 49 pages long, be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MOTION OFFERED BY MR. MILLS OF ARKANSAS

Mr. MILLS of Arkansas. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MILLS of Arkansas moves that the House recede from its disagreement to the amendment of the Senate to the bill (H.R. 8410) and concur therein with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SEC. 4. (a)(1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a)(1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under sections 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under sections 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under sections 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commences after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previously receiving services from funds made available (for the fiscal year ending June 30,

1974) to such State pursuant to sections 508, 509, and 510.

"(b)(1)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subseciton (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c)(1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted), is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act, then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2)(A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

SEC. 5. Section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following: "Effective with respect to compensation for weeks of unemployment beginning before January 1, 1974, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State by law may provide that the determination of whether there has been a State 'off' indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and may provide that the determination of whether there has been a State 'on' indicator beginning any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, (ii) the 4 per centum contained in subparagraph (B) thereof were 4.5 per centum, and (iii) paragraph (1) of subsection (b) did not contain subparagraph (B) thereof. In the case of any individual who has a week with respect to which extended compensation was payable pursuant to a State law referred to in the preceding sentence, if the extended benefit period under such law does not expire before January 1, 1974, the eligibility period of such individual for purposes of such law shall end with the thirteenth week which begins after December 31, 1973."

SEC. 6. (a) Section 6096 of the Internal Revenue Code of 1954 (relating to designation by individuals of income tax payments to Presidential Election Campaign Fund) is amended to read as follows:

"SEC. 6096. DESIGNATION BY INDIVIDUALS—

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to the fund.

"(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 33, 37, 38, 40, and 41.

"(c) Manner and Time of Designation.—A designation under subsection (a) may be made with respect to any taxable year—

"(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

"(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.

Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer's signature."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as 'the Presidential Election Campaign Fund'. The Secretary shall, as provided by appropriation acts, transfer to the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) INSUFFICIENT AMOUNTS IN FUND.—If at the time of a certification by the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary or his delegate determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary or his delegate determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement."

(c) Sections 9003(b)(2), 9007(b)(3), and 9012(b)(1) of the Internal Revenue Code of 1954 are each amended by striking out "9006(c)" and inserting in lieu thereof "9006(a)".

(d) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972. Any designation made under section 6096 of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1973) for the account of the candidates of any specified political party shall, for purposes of section 9006(a) of such Code (as amended by subsection (b)), be treated solely as a designation to the Presidential Election Campaign Fund.

Mr. MILLS of Arkansas (during the reading). Mr. Speaker, in view of the fact that this amendment covers three matters which we will discuss, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 10 minutes.

(Mr. MILLS of Arkansas asked and was given permission to revise and extend his remarks.)

Mr. MILLS of Arkansas. Mr. Speaker, let me say first that perhaps the House made the proper decision last night, although it was somewhat embarrassing to some of us on the committee. However, I think I can say that it avoided the even greater embarrassment of having a bill from the Committee on Ways and Means bearing my name and, I think, the name of the gentleman from Pennsylvania (Mr. SCHNEEBELI) vetoed by a President. In the years that I have

been chairman of the committee, I have never had that experience; I did not want it.

Actually, in our original meetings, it was not possible for us to obtain sufficient concessions from the Senate to make the debt ceiling bill itself veto-proof.

We have also this morning tentatively discussed the bill involving the Renegotiation Act, and I have been told by the Secretary of Treasury, who recommended to the President the veto of the bill last night, that both the debt limit bill and the Renegotiation Act bill, if they come out as we hope, as far as he is concerned, will be signed by the President. At least he will recommend the President's signature on both these bills.

Mr. Speaker, we will go to conference on the Renegotiation Act very soon, we hope. Having discusssed it this morning, we feel that we can readily agree to the changes that the Senate has wrought upon us, with the amendments that we want to make to it, and that with both these bills being in this condition, as far as the legislation of the Committee on Ways and Means is concerned, we will not have to stay here next week.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman from Arkansas yield?

Mr. MILLS of Arkansas. I yield to the distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, I want to congratulate the distinguished chairman of the Committee on Ways and Means.

What was done last night was not done with any intention, of course, of embarrassing the Committee on Ways and Means or the very distinguished chairman of the Committee on Ways and Means. I think the gentleman's heart was really in what was done today and not what was before us last night.

Mr. Speaker, it was due to his ability last night and more importantly, I am sure, in the negotiations today that this matter has been resolved to a satisfactory result.

Mr. Speaker, I have been told that this legislation now before us and the legislation to follow will be greatly improved over what we had last night. I think it is mainly the handiwork of the gentleman from Arkansas, his associates, and the conferees. I congratulate the gentleman for what has been accomplished and I am of the opinion that the President will approve the several proposals.

Mr. MILLS of Arkansas. Mr. Speaker, I thank my friend, the gentleman from Michigan.

Let me discuss very briefly the three matters which are in disagreement and on which I previously moved to recede and concur with amendments.

Mr. Speaker, one has to do with the matter of extended unemployment compensation, which was in the bill discussed last night.

Another has to do with the continuation of the maternal and child health program which, if not continued, would expire tonight.

Mr. Speaker, the third one has to do with the dollar campaign check-off amendments that we discussed last night. Let me discuss each of these briefly.

EXTENDED UNEMPLOYMENT COMPENSATION PROGRAM

The provision relating to extended Unemployment Compensation is identical to the provision contained in the amendment to the debt ceiling bill yesterday.

Under the motion, States would be permitted from the date of enactment until December 31, 1973, to disregard the 120-percent requirement of existing law but the rate of insured unemployment in such States would have to be 4.5 percent rather than the 4-percent insured unemployment rate required under the regular trigger provision. The amendment further provides than an extended benefit period could remain in operation in such a State during this time so long as the insured unemployment rate remained 4 percent or above. In those States which paid extended benefits under this modification, persons who qualify for extended benefits under this authority prior to December 31, 1973, could continue to receive the extended benefits to which they are entitled during an additional 13 weeks or until the end of March 1974.

The extended benefits paid under this provision, including those paid during the tail-out period after December 31, 1973, would be financed equally from State and local funds as extended benefits are regularly financed under existing law.

According to the best estimates which the Department of Labor could furnish us, if all of the States affected by the amendment took full advantage of it, this temporary modification of the State "on" and "off" indicators would allow extended benefits to be paid in 6 States. The estimated additional benefits payable would be $115.7 million, at a cost of $60.6 million in Federal funds and $55.1 million in State funds and an estimated 176,500 workers would be able to receive extended benefits.

MATERNAL AND CHILD HEALTH

The Senate amendment also contained a provision amending the Maternal and Child Health program under title V of the Social Security Act. The Senate bill would extend the direct project grants for 1 year—from June 30, 1973, to June 30, 1974—and would make the following additional changes:

For fiscal year 1974 only, each State would receive—under authorization authority—the greater of first, the total of fiscal year 1973 project and formula grants or second, the sum such State would have received had the project grants not been extended for fiscal year 1974.

For fiscal year 1975 and later years, no State would be eligible for less funds than it received in fiscal year 1973 for both project grants and formula grants.

When the project grant authority lapses on June 30, 1974, the States would be required to make arrangements to provide for the continuation of appropriate services to groups previously receiving project grant funds.

The House conferees believe this would be a meritorious provision since it should assure the continuation of many existing worthwhile projects which are benefitting thousands of mothers and children in low-income ghetto and rural areas. The Senate amendment also provides assurance that States will not be disadvantaged by this change as compared with present law and that when the direct projects are phased out a year from now, the States will be ready to take over their support.

THE PRESIDENTIAL CAMPAIGN CHECKOFF PROVISION

The Senate amendment contained a provision providing for a modification in the Presidential election campaign checkoff provision. As modified by the amendment before us, this provision provides that the campaign checkoff designation is to be either on the first page of the income tax return or on the side of the return where the signature is. For the regular 1040 return, this is the front of the return, but for the short form, 1040A, the signature is on the second page of the return and in this case it may be desirable to have the checkoff here. We gave the Treasury some flexibility but have still required it to have the checkoff where it will readily come to the taxpayer's attention. There is no statutory requirement that the Secretary of the Treasury provide appropriate publicity with respect to the campaign checkoff each year. However, the Secretary has assured us the Treasury will do so year after year. Finally, the amendment converts the campaign fund checkoff to a nonpartisan checkoff. This is essential if we are to have a simple checkoff on the return itself and also if we are not to disclose to the IRS the political affiliation of the taxpayer.

All of the other material, including all of the social security and welfare provisions, have been added by the Senate to the renegotiation bill. But when we come back to discuss that conference report, I think the conference report will have provided sufficient amendments to convince my colleagues why the President himself would feel that he would have to sign the bill.

Mr. Speaker, if there are any questions, I will be glad to respond to them. These are the three matters we discussed last night in detail, these three nongermane amendments. They are considered as one amendment again, because we were still faced with the fact that the Senate had added all of these many provisions in the form of one amendment.

Mr. CARNEY of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MILLS or Arkansas. I will be glad to yield to the gentleman from Ohio (Mr. CARNEY).

Mr. CARNEY or Ohio. Mr. Chairman, approximately when will the renegotiation bill be ready for a vote by this body?

Mr. MILLS of Arkansas. Mr. Speaker, it is our objective that the drafting people will have completed their work by 2:30 or 3 o'clock this afternoon.

Mr. CARNEY of Ohio. Will we vote on it today?

Mr. MILLS of Arkansas. Absolutely.

Mr. REID. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from New York.

Mr. REID. Might I ask him whether the Renegotiation Act is going to have the provisions that were in the conglomerate amendment last night relative to social services and a prohibition on new social service regulations for a 6-month period.

Mr. MILLS of Arkansas. Without committing ourselves, because we have not been in conference officially on it, let me suggest to the gentleman from New York that the objective of the amendment of last night will be included in the conference report to accompany the Renegotiation Act extension.

Mr. REID. The reason why I ask is the question of timing, because obviously the new regulations will go into effect on July 1 absent the committee action.

Mr. MILLS of Arkansas. In a different form we are carrying out the same objective of suspending the regulation and prevented it from going into effect on July 1.

Mr. PICKLE. Will the gentleman yield?

Mr. MILLS of Arkansas. I am glad to yield to the gentleman.

Mr. PICKLE. Would the gentleman mind telling the House what is included in the changes in the unemployment compensation measures which is now part of this measure?

Mr. MILLS of Arkansas. I will be glad to discuss it with the gentleman.

The unemployment compensation provision is identical with the unemployment compensation provision which we had in the conference report last night. What it does until December 31 of this year is to disregard the 120-percent requirement of existing law for triggering a State's program provided that the rate of insured unemployment within the State is 4.5 percent.

Under existing law it is 4 percent, as you know, but it does have this 120-percent requirement, that is, that the insured unemployment in the year involved will be 20 percent higher than it was in the 2 previous years.

Mr. PICKLE. Could the gentleman give the House his estimate of what he thinks this will cost the Treasury in extended benefits and unemployment insurance for the rest of this year?

Mr. MILLS of Arkansas. It is about $61 million.

Mr. PICKLE. About $61 million?

Mr. MILLS of Arkansas. Yes. But the gentleman understands that this comes out of a special fund and not out of the general funds of the Treasury.

Mr. PICKLE. I understand it comes out of the employers fund.

Mr. MILLS of Arkansas. That is right. Accumulated by the Federal taxes applicable to wages for this purpose.

Mr. PICKLE. Will the gentleman kindly insert for the RECORD those States primarily that it is anticipated will be affected by this?

Mr. MILLS of Arkansas. The gentleman intends to do this and will say also it does not involve your State or my State, but it takes care of such States as Massachusetts and Washington, and so forth.

Mr. PICKLE. And New York and California. It is the same States basically as——

Mr. MILLS of Arkansas. No. New York would not be eligible for it now. The State of California would be affected and the State of New Jersey would. I can go on, but I will put those States in the RECORD. Rhode Island is another.

The material follows:

State	Number of beneficiaries (thousands)	State share of cost (millions)	Federal share of cost (millions)
Alaska	2.9	$0.8	$0.9
Massachusetts	52.7	13.7	16.8
New Jersey	55.9	22.4	22.4
Puerto Rico	28.8	5.2	5.2
Rhode Island	7.8	2.8	2.8
Washington	28.4	10.2	12.5
Total	176.5	55.1	60.6

Mr. PICKLE. If the gentleman will yield further, assuming that the body in its haste for the completion of our business approves this measure and the amendment that contains unemployment, do I understand clearly it is for the rest of this year, December 31, 1973, or 1974?

Mr. MILLS of Arkansas. No; 1973.

Mr. PICKLE. This is, then, a temporary extension and is not to be considered permanent?

Mr. MILLS of Arkansas. No.

Mr. PICKLE. It is not an overall extension?

Mr. MILLS of Arkansas. No. It is just for the 6-month period involved. It is only temporary.

Ms. ABZUG. Will the distinguished gentleman yield?

Mr. MILLS or Arkansas. I will be glad to yield to the gentlewoman from New York.

Ms. ABZUG. Will the gentleman explain that extension with regard to unemployment insurance? It does not make any provision for the State of New York. Is that right?

Mr. MILLS of Arkansas. It is my understanding that the unemployment level of the State of New York is not 4.5 percent. If it should become 4.5 percent in the 6-month period, then New York would be included, but you have to have as much as 4.5 percent insured unemployment in order to qualify.

Ms. ABZUG. It does not waive previous requirements?

Mr. MILLS of Arkansas. No. We waived the requirement that your insured unemployment in the State of New York would have to be 20 percent higher than it was in the 2 previous years. This has kept at times during the year, I understand, the State from qualifying.

Ms. ABZUG. Thank you, Mr. Chairman.

Mr. DORN. Will the distinguished gentleman yield?

Mr. MILLS of Arkansas. I will be glad to yield to the gentleman from South Carolina.

Mr. DORN. I want to thank the distinguished chairman for yielding.

In view of some of the discussion on the floor of the House last evening about the veterans pensions, I wonder if the distinguished chairman has anything in this or any other report this afternoon concerning those benefits.

Mr. MILLS of Arkansas. There is a provision put in by the Senate to the Renegotiation Act bill which solves the problem that was raised.

The SPEAKER. The time of the gentleman has expired.

Mr. MILLS of Arkansas. Mr. Speaker, I yield myself 2 additional minutes.

That solves the problem that was raised by members of the gentleman's committee last night.

Mr. DORN. Would the gentleman yield further and advise what it does at this time?

Mr. MILLS of Arkansas. Yes. I will be glad to.

I am aware of the amendment, so I can discuss it in answer to the gentleman's question.

The provision merely provides that no veteran will lose benefits as a result of the social security increase which is also involved in that bill in determining the veteran's income for purpose of his eligibility for a pension. It is the same thing that the gentleman's committee has done in the past.

Mr. DORN. May I ask the distinguished chairman further, would they be germane, that type?

Mr. MILLS of Arkansas. Oh, no. It is not germane to the bill. That is why we have it back as an amendment in disagreement. It is not germane.

Mr. DORN. I might inform the distinguished chairman that as a representative of the Committee on Veterans' Affairs I might be compelled to object on the jurisdiction.

Mr. MILLS of Arkansas. I would not blame the gentleman one iota, but members of the gentleman's own committee were very instrumental last night in calling the attention of the House to the fact that we were depriving about 340,000 veterans of their pensions as a result of a social security increase, and at the same time I think they were looking at the fact that there are some 30 million people eligible for a social security increase.

Mr. DORN. Not only that, I might say to my distinguished friend, but a 20-percent increase in social security last year. This is being considered by our Committee on Veterans' Affairs. At this very moment public hearings are being held. To interject into a conference report a provision with reference to a 5-percent increase would leave, at this stage of the game, the House wide open. We have been getting a few letters, I might say to the chairman, and he will get millions.

Mr. MILLS of Arkansas. Not about this increase, because it will not cause anyone presently entitled to a pension in any amount to lose that amount of his pension. The amendment was offered in the Senate. The Senate agreed to the amendment by a vote of 77 to 0. It was cosponsored by the gentleman's counterpart in the Senate. The gentleman's counterpart in the Senate was on the conference and abdicated to the House

conferees that we take the amendment.

Mr. DORN. I might say to my dear friend, the gentleman from Arkansas, that if this type of approach is taken for the 5 percent, what about the 20 percent?

Mr. MILLS of Arkansas. I have every confidence in the world in the leadership of my friend, the gentleman from South Carolina, as chairman of the Committee on Veterans' Affairs that he will see to it that no veterans are abused or mistreated in the final analysis by an increase in social security.

Mr. DORN. Then I might say that the Committee on Veterans' Affairs will take care of both the 20 percent and the 5 percent.

Mr. MILLS of Arkansas. That is good. I am glad to hear the gentleman from South Carolina say that.

Mr. CAREY of New York. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from New York.

Mr. CAREY of New York. I thank the gentleman for yielding.

(Mr. CAREY of New York asked and was given permission to revise and extend his remarks.)

Mr. CAREY of New York. One point, Mr. Chairman: With regard to the State of New York and unemployment compensation insurance benefits and the eligibility factor with regard to our committee's research on this point, again and again I have run into the problem that the geographical area of reporting that covers the statistics is regional, and until we cure that difficulty of the regional reporting, it is very hard to bring New York in under the 4½ percent without heavily increasing the burden across the country in other States that have a level above that level.

Mr. MILLS of Arkansas. I agree with the gentleman from New York.

Mr. CAREY of New York. I think it is something that is beyond the reach of the conferees. One more thing: I want to commend the chairman for his stamina and steadfastness in bringing into the conference, I believe, the provisions regarding maternal and child health care. Many States would have lost on these, and few States would have gained if the conference report had not gone into this. It is very important to keep these programs for parental and perinatal care ongoing.

Mr. Speaker, I should like to address some brief remarks to a specific amendment House conferees have brought back in disagreement. I refer to the extension, for one fiscal year, of project funding for Maternal and Child Health Care Centers, contained in the Senate version of the Debt Limit Extension.

I am very gratified that the conferees will permit the House to work its will on this and other vital amendments aimed at helping, in a most direct way, those least able to help themselves.

Extension of project funding for these centers will permit the continuation of these essential health care programs in 139 locations, in 38 States and two territories. Service is provided, just under the Maternal and Infant Care programs, to 800,000 expectant mothers, infants and youngsters.

Failure to provide this extension of project funding, under title V of the Social Security Act, would result in the eventual severe curtailment or effective demise of virtually all the centers across the Nation and cost New York City approximately $8 million in the coming fiscal year.

Mr. Speaker, the success of these programs is clearly and magnificently obvious. Infant mortality has decreased substantially in those areas in which a project is operating. In my own district, for instance, the project area of Red Hook showed a reduction of infant mortality from 29.9 precent per one thousand births in 1960 to 17.4 percent in 1971.

Similar results have been achieved in the many projects, 11 in the Metropolitan New York area, throughout the Nation. Intensive care for premature infants has resulted in reductions of up to 25 percent in mortality rates.

Quite frankly, Mr. Speaker, unless the House permits this project-funding extension, funding is just not likely to be forthcoming from the States, and little has been done, to date, to provide for a smooth transition to full formula funding and assurance of adequate state funding for these centers. With no extension, most of these projects will just die, rendering useless over 5 years of progress in a team approach to maternal and child health care. We will also lose what has been gained in parental education in nutrition and hygiene and general perinatal care. These mothers and their children will be thrown back on the medical care junkheap, if we do not instruct our conferees to recede from disagreement to this vital amendment.

Mr. Speaker, the nationwide value of these programs is beyond dispute. Continuation of project funding is clearly of vital and immediate concern to every Member of Congress. I urge overwhelming approval of any motion to instruct the conferees to recede from disagreement to Senate amendment providing for a 1 year extension of project funding for Maternal and Child Health Care programs.

Mr. Speaker, the distinguished chairman of the House Ways and Means Committee, the gentleman from Arkansas (Mr. MILLS), Congressman BURKE, Congressman ROSTENKOWSKI, myself, and other members of the committee and the House, have worked very hard to secure this continuation of project funding. The distinguished senior Senator from Minnesota (Mr. MONDALE) and the chairman and members of the Senate Finance Committee are certainly to be commended for the yeoman duty they performed in behalf of this most important amendment.

My only concern, other than House approval of this amendment, is that the Department of Health, Education and Welfare, that bastion of defence for the rights, needs and equal opportunities of those unable to defend themselves, has begun to dismantle the present administrative structure that has been caring for these and other programs designed to safeguard the health of the American child.

This morning's Washington Post carries a story on page A2, explaining the reasons for the resignation of Dr. Arthur J. Lesser, veteran head of Federal programs for crippled children, infants, children and expectant mothers. Dr. Lesser states, in reply to Mr. Weinberger's assurances that this is merely an efficiency reorganization:

This is the first step in the elimination of categorical programs. It is another disregard for the intent of Congress.

Mr. Speaker, it with continued shock and outrage that I have witnessed and continued to witness the arrogant destruction of programs the Congress and the American people have labored for decades to build and improve.

What form of callousness inhabits this administration? Is it that they realize they will not be running things come a few years hence and that they must accomplish this seamy and illegal wasting of our health programs quickly and in such a way that their reconstruction will be a long and difficult work for the Congress and any succeeding administration? That would be the only explanation possible for this rampant disregard for the will of the Congress—a Congress, however, that has begun to fight strongly against this form of constitutional subversion.

Mr. Speaker, we have reached the point where the Congress is forced to seek relief in the courts via injunctions and suits to compel the executive to carry out the directives of the elected representatives of the people. I can assure my colleagues that this confrontation is just beginning. But I am sure we will carry it to a successful conclusion—a conclusion that will be effected legally and constitutionally and a conclusion that will restore fully the power of the Congress to legislate for the general welfare of the American people, without the hindrance of an administration supposedly in office to carry out the will of the Congress.

Mr. Speaker, it is my wish to insert at the conclusion of my remarks the Post story concerning the resignation of Dr. Lesser:

HEW AIDE QUITS OVER NIXON PLAN

Dr. Arthur J. Lesser, veteran head of federal health services for crippled children and low-income pregnant mothers said yesterday he is quitting to protest Nixon administration plans to break up his agency and make the director a "figurehead."

"This is the first step in the elimination of categorical programs," Lesser said. "It is another disregard for the intent of Congress."

Congress provides funds for some health services by specific category, such as maternal and child health care. The Nixon administration's revenue sharing concept, which does not apply to these programs, lumps the funds together and lets the states decide what the spending categories should be.

Lesser charged that under a reorganization of the Health Services and Mental Health Administration—a unit of the Department of Health, Education, and Welfare (HEW) the child and maternal health programs staff would be reduced from

about 160 to six or seven and the other personnel would be given additional duties with other programs.

"There is no place for me in that kind of business," Lesser told UPI. He has been head of federal health services for children and mothers since 1952 and associated with the programs since 1941, but Friday will be his last day on the job.

At age 63, Lesser said he is not ready to retire. "But I certainly wouldn't continue as a figurehead or exhibit a in support of a reorganization of which I thoroughly disapprove," he said.

The General Accounting Office is investigating the reorganization to determine if any Congressional authority has been violated.

Under the plan to take effect next month, HEW Secretary Caspar W. Weinberger said health services will be split into three major units to "increase the efficiency and effectiveness of the department's health programs."

Under the $244 million maternal and child health services program, some 500,000 crippled children, primarily in rural areas, receive medical care each year; 650,000 infants get well-baby care; 2 million to 3 million children receive school health examinations and immunizations, and needy pregnant mothers and children, mostly in big cities, get health examinations, dental care and other services to reduce high rates of infant mortality and promote good health.

Dr. Paul B. Batalden, chief of the bureau in which these services will be located, said there is no intent to phase them out.

"I would not have accepted that job if that had been the case," he said.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Iowa.

Mr. GROSS. Do I understand the temporary debt ceiling is extended to November 30?

Mr. MILLS of Arkansas. Let me explain to my friend, the gentleman from Iowa, as I said last night, so far as the text of the House-passed bill is concerned, the Senate did not change a word, or anything else. It accepted the bill as it passed the House, so it is November 30.

Mr. GROSS. So the extension will be for 5 months, not 6 months?

Mr. MILLS of Arkansas. That is right.

Mr. GROSS. Does the gentleman think this will be sufficient to accommodate the increase in the debt?

Mr. MILLS of Arkansas. No, sir.

Mr. GROSS. In the next 5 months?

Mr. MILLS of Arkansas. No, sir. At one point the administration downtown had suggested that we increase the temporary debt from $65 billion to $85 billion. I think I can assure my friend that when we come back, whether it be in the form of a permanent increase or temporary increase, that it will be possible for us to go through the fiscal year with less than a $20 billion increase.

Mr. GROSS. I have had a bill pending before the gentleman's committee for a number of years, H.R. 144, which would obviate the necessity for any increase in the debt ceiling, temporary or permanent. It provides for a balanced budget and orderly annual payments on the Federal debt. Can the gentleman give me assurance of any kind that the committee will hold hearings on this bill after the July 4 recess? I say again that bill would obviate the necessity for dealing with the debt ceiling in the future.

Mr. MILLS of Arkansas. I would be glad to accommodate the gentleman, but we are busy now and we will be after the recess with trade legislation. Let me point out to the gentleman, and I know he is very sincere in this legislation, if we do pass the gentleman's bill probably the Congress would undo it the next day by exceeding the amount that would be permitted in the gentleman's bill.

Mr. GROSS. Does the gentleman think the Congress is that lawless?

Mr. MILLS of Arkansas. No, no. The Congress is always changing things.

Mr. CARNEY of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Ohio.

Mr. CARNEY of Ohio. Mr. Speaker, did I understand the gentleman to say that the President has agreed in principle on the Renegotiation Act and he does not think that there will be a veto of it if it comes in the form it has come from the gentleman's conference?

Mr. MILLS of Arkansas. The President's representative said he would recommend the President veto the legislation as it was last night, but he has told me today he would recommend to the President that he sign both this bill and the other bill if the conference does what we tentatively discussed this morning and what is in the conference report.

Mr. CARNEY of Ohio. I thank the gentleman.

Mr. SCHNEEBELI. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the gentleman from Arkansas has explained a great many of the ramifications of the bill, but one of my colleagues asked if I would explain in some detail what amendments are in the bill.

As the Members know, last night there were about 20 amendments on the bill as it was presented. Today we have a very stripped down bill. We have our basic debt ceiling bill, which has not been changed, and three amendments.

The first amendment is the checkoff in Presidential elections.

The second is an unemployment insurance provision which is for 6 months affecting about six States.

The third amendment is the maternal and child health amendment, which the chairman has described.

Last night the bill we were talking about would have meant a fiscal loss in 1974 of $1.3 billion. The loss is attributable to these same provisions as were included in the debt bill before the House and the argument we hope to work out in the conference on the Renegotiation Act will be around $230 million in fiscal 1974.

So I would like to point out to the gentlemen who supported us in reporting the bill back to conference, that our input was very worthwhile. I know it was rather difficult for the Members to deny themselves part of the 4th of July holiday, but we did a very good job and I think in return the conferees have come back with a very responsible bill.

I would like to make one suggestion. This debt ceiling will come up again on the 1st of October and I hope we do not get another rash of amendments as we on the bill when it first came to us. I would like to suggest that before the debt ceiling comes back for consideration early in October, we might be able to improve the House rules for dealing with nongermane amendments added by the other body since it is a problem that confronts us and will continually confront us until we do something about it.

This is a good bill. The administration representatives this morning indicated they could support this legislation. We are very happy to bring this corrected bill in its reduced form to the Members. I urge its adoption.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Indiana.

Mr. DENNIS. I was very pleased to support the gentleman last night and also today. But today I would like to ask the gentleman, and perhaps the distinguished chairman, with reference to the bill which is coming up. As I understand it the social security raise has now been transferred to that bill.

Mr. SCHNEEBELI. That is correct.

Mr. DENNIS. Also much, at least, of the other social provisions which were in this bill. As I further understand it, there is no provision made for added taxes. Last year we raised social security 20 percent and added in an escalator cost of living clause which automatically operated.

Mr. SCHNEEBELI. I think the gentleman is anticipating the next bill.

Mr. DENNIS. I am.

Mr. SCHNEEBELI. And I would prefer to discuss this with the gentleman at the time we have something specific and concrete, rather than something that might happen, and if the gentleman will withhold his question until the next bill comes in, I would appreciate it.

Mr. DENNIS. I shall do that, but I will appreciate it if the gentleman will give me the rationale on it at the proper time.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. Mr. Speaker, I yield to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, with respect to one of the amendments which refer to child welfare project grants, which is due to expire and be replaced by formula-type distribution or revenue-sharing-type contribution, is the extension of the project grant program going to be another layer in addition to the formula grant due to take effect July 1?

Mr. SCHNEEBELI. Mr. Speaker, the total bill will cost $30 million. I believe the chairman would like to elaborate of this point.

Mr. MILLS of Arkansas. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the chairman of the committee, Mr. Mills of Arkansas.

Mr. MILLS of Arkansas. Mr. Speaker, it should be called to the attention of my friend from Texas that there may be a $30 million additional cost, and there may not be, because it has to go through the appropriation process.

What it does is to retain this formula for the benefit of those States which would get more under that formula, and allows the upcoming formula to also apply to those States which would get more under it. That is why it is here in addition to the other. It is the best of two worlds.

Mr. ARCHER. The best of both worlds to all States.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I would like to compliment the gentleman in the well, the Chairman and the other distinguished members of the committee on doing a very fine job. I am going to be pleased to support this conference report.

Mr. SCHNEEBELI. Mr. Speaker, if I may be permitted a personal observation, I would like to say to the minority leader that I congratulate him on the two victories yesterday. They are very well deserved.

Mr. Speaker, he has the confidence, very obviously, of the Members of our side. The two victories yesterday were certainly in appreciation of the respect and affection we have for our minority leader. He did a great job, and our two victories were the result of his great leadership.

Mr. Speaker, we salute him.

Mr. DONOHUE. Mr. Speaker, I earnestly hope and urge that the desperately needed social security increase proposal being offered here will be overwhelmingly accepted by the House this afternoon.

Despite some sincere reservations on the part of certain Members I very deeply feel that the adoption of this proposal is simply and basically an extension of equitable and just consideration to the millions of social security recipients in this country who are suffering the most from the accelerating living costs that are plaguing all of our people.

Those who will receive such an increase, the authorities advise, will very likely spend it all and immediately for the purchase of fundamental living necessities.

In practical substance we are not so much granting these recipients any real dollar increase as we are attempting to help them to just keep pace with the alarming climb in all costs arising out of this presently uncontrolled, runaway inflation.

Under all the circumstances surrounding this proposal I earnestly feel the acceptance of this social security increase is in the national interest and I hope it is resoundingly approved.

Mr. KOCH. Mr. Speaker, I would like to take this opportunity to commend our colleagues for adopting as an amendment to the debt limit bill the amendment to extend for 2 years the authority of special projects for maternal and child health under title V of the Social Security Act.

These special project grant programs have been working successfully for 6 years now serving over one-half million children and one-half million mothers in low-income areas across the country. Under the present allocation formula, 50 percent of the money has gone directly to the States, 40 percent directly to the projects established in areas of serious health need, and 10 percent of research and development. On July 1, 1973, 90 percent of the funds was scheduled to go to formula grants to the States. All of the project grants authority would have terminated and these programs would have died all across the country.

Under this amendment the project grant authority is extended to June 30, 1974. After that date, the formula to be used in allocating funds to the States will be modified to assure that no State will be eligible for less funds after June 31, 1974 than the total amount allocated to a State in formula and project grants in fiscal year 1973, and that States will be required to make apppropriate arrangements for the continuation of services to the population in areas previously served under project grants. Under a special provision, in fiscal year 1974 a State will be authorized the greater of the total of fiscal year 1973 project and formula grants, or the sum such State would have otherwise been entitled to if the project grants had not been extended during fiscal year 1974.

I have the assurance of many States and many project directors that this amendment is acceptable to them and furthermore, workable and desirable. To fund the States after June 30, 1974, at the higher level and to assure that the special projects are continued is a great step toward reaching those young children in every State in the country who so need health care. And, the programs that deliver this care are ones that have shown their worth.

I wish to commend my colleagues, Ways and Means Committee Chairman WILBUR MILLS, and members of that committee, particularly Mr. CAREY and Mr. ROSTENKOWSKI, for their special effective and devoted efforts in working for an extension of these projects. I would also like to thank Finance Committee Chairman Senator LONG, Senator MONDALE and Senator PERCY for their invaluable support and assistance. Support for the extension of the project grant authority has been given by the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, and the American Medical Association.

Mr. Speaker, at this point, I would like to extend my deepest thanks and gratitude to the man who has been the guiding light for these maternal and child health programs, Dr. Arthur Lesser. As Director of Maternal and Child Health Services for HEW since 1952, he is held in the highest esteem as the public health leader in the field of maternal and child health, and crippled children's services. His professional standards of competence have been responsible for establishing an excellent staff in the HEW regional offices and for assuring that the patients served by these programs are given the best care that can be provided anywhere.

This week, Dr. Lesser resigned from HEW. He quit to protest Nixon administration plans to break up maternal and child health services as part of their reorganization plans. It was with great sadness that I read yesterday of his departure from HEW in articles in the New York Times and the Washington Post.

I am seriously concerned and distressed at the disregard by the administration of the health problems of children, as evidenced by the reorganization plans for health services. The Health Services Administration program heads are being stripped of their authority without the knowledge of Congress. The Nixon administration plans would effectively bypass Congress and put revenue sharing into operation, and the present system of categorical programs would be superseded. The maternal and child health service staff would be reduced from 160 persons to six or seven.

Congress has not approved any such special revenue sharing and furthermore, these categorical programs are being continued today by an overwhelming mandate of Congress. Since it seems that the implementation of the administration reorganization plans constitutes a violation of the law, I have, on June 8, asked the Comptroller General to ascertain if the law has been broken, and congressional authority violated, and I await his reply.

We know that the Nixon administration has repeatedly shown a disregard and insensitivity to the problems of the poor. This latest action seems to me both illegal and immoral. It is illegal because with this organizational change, Congress will not get the accountability which is called for in the authorizing legislation. It is immoral because it was done with so much subterfuge and secrecy in an apparent effort to deceive the Congress of the intent of the reorganization.

I am thankful we prevailed today in keeping the maternal and child health programs alive.

Mr. MILLS of Arkansas. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

PARLIAMENTARY INQUIRY

Mr. MILLS of Arkansas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MILLS of Arkansas. Mr. Speaker, is the vote that is about to occur on the adoption of the motion to recede and concur with an amendment?

The SPEAKER. The gentleman is correct.

Mr. SCHERLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 294, nays 54, not voting 85, as follows:

[Roll No. 321]

YEAS—294

Abdnor	Giaimo	Pepper
Abzug	Gilman	Perkins
Adams	Gonzalez	Peyser
Addabbo	Grasso	Pickle
Alexander	Gray	Poage
Anderson, Ill.	Green, Pa.	Podell
Andrews, N.C.	Gude	Preyer
Annunzio	Gunter	Price, Ill.
Arends	Guyer	Price, Tex.
Ashley	Haley	Pritchard
Aspin	Hamilton	Railsback
Baker	Hammer-schmidt	Randall
Barrett	Hanley	Rangel
Bennett	Hanna	Rees
Bergland	Hanrahan	Regula
Bevill	Harvey	Reid
Biaggi	Hastings	Reuss
Biester	Hawkins	Rhodes
Bingham	Hechler, W. Va.	Riegle
Boggs	Heckler, Mass.	Rinaldo
Boland	Heinz	Robison, N.Y.
Bolling	Helstoski	Rodino
Bowen	Hicks	Roe
Brademas	Hinshaw	Rogers
Brasco	Hogan	Roncalio, Wyo.
Bray	Holifield	Roncalio, N.Y.
Breckinridge	Holt	Rooney, Pa.
Brinkley	Holtzman	Rose
Broomfield	Horton	Rosenthal
Brotzman	Hosmer	Rostenkowski
Broyhill, N.C.	Howard	Roy
Broyhill, Va.	Hutchinson	Roybal
Buchanan	Jarman	St Germain
Burke, Mass.	Johnson, Calif.	Sarasin
Burleson, Tex.	Johnson, Colo.	Sarbanes
Burlison, Mo.	Johnson, Pa.	Saylor
Burton	Jones, N.C.	Schneebeli
Butler	Jones, Okla.	Schroeder
Byron	Jones, Tenn.	Seiberling
Carey, N.Y.	Jordan	Shipley
Carney, Ohio	Karth	Shoup
Carter	Kastenmeier	Shriver
Casey, Tex.	Kazen	Sikes
Cederberg	Kemp	Sisk
Chamberlain	Kluczynski	Slack
Chisholm	Koch	Smith, Iowa
Clausen, Don H.	Kuykendall	Smith, N.Y.
Cleveland	Kyros	Snyder
Cochran	Lehman	Staggers
Cohen	Litton	Stanton, J. William
Collier	Long, La.	Stanton, James V.
Collins, Ill.	Long, Md.	Stark
Conable	McClory	Steed
Corman	McCloskey	Steele
Cotter	McCollister	Steelman
Coughlin	McCormack	Steiger, Wis.
Cronin	McDade	Stephens
Culver	McEwen	Stokes
Davis, Ga.	McKay	Stubblefield
Davis, S.C.	McKinney	Stuckey
Davis, Wis.	Macdonald	Studds
de la Garza	Madigan	Symington
Dellenback	Mahon	Talcott
Dellums	Mallary	Taylor, N.C.
Denholm	Maraziti	Teague, Tex.
Dennis	Mathias, Calif.	Thomson, Wis.
Diggs	Matsunaga	Thone
Dingell	Mayne	Thornton
Donohue	Mazzoli	Towell, Nev.
Dorn	Meeds	Treen
Downing	Melcher	Udall
Drinan	Metcalfe	Ullman
Dulski	Mezvinsky	Van Deerlin
Duncan	Michel	Vander Jagt
du Pont	Milford	Vanik
Eckhardt	Mills, Ark.	Vigorito
Edwards, Ala.	Minish	Waggonner
Edwards, Calif.	Mink	Waldie
Eilberg	Minshall, Ohio	Walsh
Erlenborn	Mitchell, Md.	Ware
Esch	Mitchell, N.Y.	Whalen
Eshleman	Moakley	Whitehurst
Evans, Colo.	Mollohan	Whitten
Fascell	Moorhead, Calif.	Widnall
Findley	Moorhead, Pa.	Williams
Fish	Mosher	Wilson, Bob
Flood	Moss	Wilson, Charles H., Calif.
Flynt	Murphy, Ill.	Winn
Foley	Murphy, N.Y.	Yates
Ford, Gerald R.	Natcher	Yatron
Ford, William D.	Nedzi	Young, Alaska
Forsythe	Nelsen	Young, Ga.
Fountain	Nix	Young, S.C.
Fraser	Obey	Young, Tex.
Frelinghuysen	O'Brien	Zablocki
Frenzel	O'Neill	Zwach
Froehlich	Owens	
Gaydos	Passman	
Gettys	Patten	

NAYS—54

Anderson, Calif.	Hansen, Idaho	Roberts
Archer	Harsha	Robinson, Va.
Armstrong	Henderson	Runnels
Bafalis	Hudnut	Ruth
Blackburn	Ichord	Satterfield
Brown, Calif.	Ketchum	Scherle
Brown, Mich.	Landgrebe	Sebelius
Camp	Latta	Shuster
Collins, Tex.	Leggett	Spence
Conlan	Lott	Symms
Crane	Lujan	Taylor, Mo.
Daniel, Dan	Martin, N.C.	Wampler
Daniel, Robert W., Jr.	Mathis, Ga.	Wilson, Charles, Tex.
Devine	Miller	Wolff
Ginn	Mizell	Wyman
Goldwater	Montgomery	Young, Fla.
Goodling	Myers	
Gross	Parris	
	Pike	
	Rarick	

NOT VOTING—85

Andrews, N. Dak.	Flowers	Nichols
Ashbrook	Frey	O'Hara
Badillo	Fulton	Patman
Beard	Fuqua	Pettis
Bell	Gibbons	Powell, Ohio
Blatnik	Green, Oreg.	Quie
Breaux	Griffiths	Quillen
Brooks	Grover	Rooney, N.Y.
Brown, Ohio	Gubser	Roush
Burgener	Hansen, Wash.	Rousselot
Burke, Calif.	Harrington	Ruppe
Burke, Fla.	Hays	Ryan
Chappell	Hébert	Sandman
Clancy	Hillis	Skubitz
Clark	Huber	Steiger, Ariz.
Clawson, Del	Hungate	Stratton
Clay	Hunt	Sullivan
Conte	Jones, Ala.	Teague, Calif.
Conyers	Keating	Thompson, N.J.
Daniels, Dominick V.	King	Tiernan
Danielson	Landrum	Veysey
Delaney	Lent	White
Dent	McFall	Wiggins
Derwinski	McSpadden	Wright
Dickinson	Madden	Wyatt
Evins, Tenn.	Mailliard	Wydler
Fisher	Mann	Wylie
	Martin, Nebr.	Young, Ill.
	Morgan	Zion

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Wyatt.
Mr. Hays with Mr. Wiggins.
Mr. Rooney of New York with Mr. Teague of California.
Mr. Dent with Mr. Steiger of Arizona.
Mr. Tiernan with Mr. Sandman.
Mr. Blatnik with Mr. Ruppe.
Mr. Clark with Mr. Hunt.
Mrs. Burke of California with Mr. Rousselot.
Mr. Breaux with Mr. Skubitz.
Mr. O'Hara with Mr. Conte.
Mr. Danielson with Mr. Quillen.
Mr. Fisher with Mr. Derwinski.
Mr. Hébert with Mr. Del Clawson.
Mr. Chappell with Mr. Dickinson.
Mr. Delaney with Mr. Grover.
Mr. Evins of Tennessee with Mr. Andrews of North Dakota.
Mrs. Green of Oregon with Mr. Gubser.
Mr. Madden with Mr. Hillis.
Mr. Mann with Mr. Ashbrook.
Mr. Morgan with Mr. Martin of Nebraska.
Mr. Nichols with Mr. Beard.
Mrs. Griffiths with Mr. Mailliard.
Mr. Fulton with Mr. Keating.
Mr. Fuqua with Mr. Frey.
Mr. Ryan with Mr. Bell.
Mr. Stratton with Mr. King.
Mrs. Sullivan with Mr. Brown of Ohio.
Mr. Wright with Mr. Huber.
Mr. Hungate with Mr. Burke of Florida.
Mr. Badillo with Mr. Conyers.
Mr. Clay with Mr. McSpadden.
Mr. Brooks with Mr. Pettis.
Mr. Flowers with Mr. Clancy.
Mr. Gibbons with Mr. Powell of Ohio.
Mrs. Hansen of Washington with Mr. Lent.
Mr. Jones of Alabama with Mr. Quie.
Mr. Dominick V. Daniels with Mr. White.
Mr. Harrington with Mr. Wydler.
Mr. McFall with Mr. Young of Illinois.
Mr. Landrum with Mr. Wylie.
Mr. Roush with Mr. Zion.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

"SUPPLEMENTAL ALLOTMENTS

"SEC. 516. (a) (1) For each fiscal year (commencing with the fiscal year ending June 30, 1975), there shall (subject to paragraph (2)) be allotted to each State (from funds appropriated for such fiscal year pursuant to subsection (b)) an amount, which shall be in addition to and available for the same purposes as the allotments of such State (as determined under section 503 and 504), equal to the excess (if any) of—

"(A) the amount of the allotment of such State (as determined under section 503 and 504) for the fiscal year ending June 30, 1973, plus the amounts of any grants to such States under section 508, 509, and 510, over

"(B) the amount of the allotment of such State (as determined under sections 503 and 504) for such fiscal year which commence after June 30, 1973.

"(2) No State shall receive an allotment under this section for any fiscal year, unless such State (in the administration of its State plan, approved under section 505) has in effect arrangements which the Secretary finds will provide for the continuation of appropriate services to population groups previouly receiving services from funds made available (for the fiscal year ending June 30, 1974) to such State pursuant to sections 508, 509, and 510.

"(b) (1) (A) There are (subject to subparagraph (B)) hereby authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1975) such amounts as may be necessary to enable the Secretary to make the allotments authorized under subsection (a).

"(B) Nothing contained in subparagraph (A) shall be construed to authorize, for any fiscal year, the appropriation under this subsection of any amount which is in excess of the amount by which—

"(i) the amount authorized to be appropriated under section 501 for such year exceeds

"(ii) the total amounts appropriated pursuant to section 501 for such year.

"(2) If, for any fiscal years, the total amount appropriated pursuant to paragraph (1) is less than the total amount allotted to all States under subsection (a), then the amount of the allotment of each State (as determined under subsection (a)) shall be reduced to an amount which bears the same ratio to the total amount appropriated pursuant to paragraph (1) for such fiscal year as the amount of the allotment of such State (as determined under subsection (a)) bears to the total amount allotted to all States under subsection (a) for such fiscal year."

(c) (1) In the case of any State, if for the fiscal year ending June 30, 1974, the sum of—

(A) the amount of the allotment which such State would have received under section 503 of the Social Security Act for such year (if subsection (a) of this section had not been enacted), plus

(B) the amount of the allotment which such State would have received under section 504 of such Act for such year (if subsection (a) of this section had not been enacted),

is in excess of the sum of—

(C) the aggregate of the allotments which such State received (for the fiscal year ending June 30, 1973) under such sections 503 and 504, plus

(D) the aggregate of the grants received (for the fiscal year ending June 30, 1973) under sections 508, 509, and 510 of such Act, then, for the fiscal year ending June 30, 1974, there shall be added to the allotments of such State, under sections 503 and 504 of such Act, in such proportion to each such allotment as the State shall specify, an amount equal to such excess.

(2) (A) There are (subject to subparagraph (B)) hereby authorized to be appropriated, for the fiscal year ending June 30, 1974, such amounts as may be necessary to make the increase in allotments provided for in paragraph (1).

(B) Nothing contained in subparagraph (A) shall be construed to authorize, for the fiscal year ending June 30, 1974, the appropriation under this paragraph of any amount which is in excess of the amount by which—

(i) the amount authorized to be appropriated under section 501 of such year, exceeds

(ii) the total amounts appropriated pursuant to section 501 for such year.

(3) If, for the fiscal year ending June 30, 1974, the amount appropriated pursuant to the preceding provisions of this subsection is less than the total of the amounts authorized to be added to the allotments of States (as determined under paragraph (1)), then the amount to be added to the allotment of each State shall be reduced to an amount which bears the same ratio to the amount so appropriated for such year as the amount to be added to the allotment of such State (as determined under paragraph (1)) bears to the total of the amounts to be added to the allotments of all States (as determined under paragraph (1)).

SEC. 5. Section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following: "Effective with respect to compensation for weeks of unemployment beginning before January 1, 1974, and beginning after the date of the enactment of this sentence (or, if later, the date established pursuant to State law), the State by law may provide that the determination of whether there has been a State 'off' indicator ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof and may provide that the determination of whether there has been a State 'on' indicator beginning any extended benefit period shall be made under this subsection as if (i) paragraph (1) did not contain subparagraph (A) thereof, (ii) the 4 per centum contained in subparagraph (B) thereof were 4.5 per centum, and (iii) paragraph (1) of subsection (b) did not contain subparagraph (B) thereof. In the case of any individual who has a week with respect to which extended compensation was payable pursuant to a State law referred to in the preceding sentence, if the extended benefit period under such law does not expire before January 1, 1974, the eligibility period of such individual for purposes of such law shall end with the thirteenth week which begins after December 31, 1973."

SEC. 6. (a) Section 6096 of the Internal Revenue Code of 1954 (relating to designation by individuals of income tax payments to Presidential Election Campaign Fund) is amended to read as follows:

"SEC. 6096. DESIGNATION BY INDIVIDUAL

"(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is $1 or more may designate that $1 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In the case of a joint return of husband and wife having an income tax liability of $2 or more, each spouse may designate that $1 shall be paid to the fund.

"(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable sections 33, 37, 38, 40, and 41.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

Mr. LONG. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 8410.

The PRESIDING OFFICER (Mr. FANNIN) laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 8410) to continue the existing temporary increase in the public debt limit through November 30, 1973, and for other purposes", which was in lieu of the matter proposed in the Senate amendment, insert:

SEC. 240. (a) (1) Paragraph (1) of section 502 of the Social Security Act is amended by striking out "each of the next 4 fiscal years" and inserting in lieu thereof "each of the next 5 fiscal years".

(2) Paragraph (2) of section 502 of such Act is amended by striking out "June 30, 1974" and inserting in lieu thereof "June 30, 1975".

(3) Section 505(a)(8) of the Social Security Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(4) Section 505(a)(9) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(5) Section 505(a)(10) of such Act is amended by striking out "July 1, 1973" and inserting in lieu thereof "July 1, 1974".

(6) Section 508(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(7) Section 509(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(8) Section 510(b) of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974".

(b) Title V of the Social Security Act is amended by adding at the end thereof the following new section:

"(c) Manner and Time of Designation.—A designation under subsection (a) may be made with respect to any taxable year—

"(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

"(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate,

Such designation shall be made in such manner as the Secretary or his delegate prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer's signature."

(b) Section 9006 of the Internal Revenue Code of 1954 (relating to payments to eligible candidates) is amended to read as follows:

"Sec. 9006. Payments to Eligible Candidates.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the 'Presidential Election Campaign Fund'. The Secretary shall, as provided by appropriation Acts, transfer to the fund an amount not in excess of the sum of the amounts designated (subsequent to the previous Presidential election) to the fund by individuals under section 6096.

"(b) TRANSFER TO THE GENERAL FUND.—If, after a Presidential election and after all eligible candidates have been paid the amount which they are entitled to receive under this chapter, there are moneys remaining in the fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

"(c) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the fund the amount certified by the Comptroller General. Amounts paid to any such candidates shall be under the control of such candidates.

"(d) Insufficient Amounts in Fund.—If at the time of a certification by the Comptroller General under section 9005 for payment to the eligible candidates of a political party, the Secretary or his delegate determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary or his delegate determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement."

(c) Sections 9003(b)(2), 9007(b)(3), and 9012(b)(1) of the Internal Revenue Code of 1954 are each amended by striking out "9006(c)" and inserting in lieu thereof "9006(d)".

(d) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1972. Any designation made under section 6096 of the Internal Revenue Code of 1954 (as in effect for taxable years beginning on before January 1, 1973) for the account of the candidates of any specified political party shall, for purposes of section 9006(a) of such Code (as amended by subsection (b)), be treated solely as a designation to the Presidential Election Campaign Fund.

Mr. LONG. Mr. President, H.R. 8410 as it passed the Senate included a social security benefit increase; an increase in supplemental security income payments; provisions concerning social services, medicaid, maternal and child health, and unemployment insurance; a spending limitation; impoundment provisions; an important change in the presidential election campaign financing checkoff system; and a provision to prevent the use of funds for combat activities in Cambodia and Laos.

Two days ago, the Senate conferees on H.R. 8410 met with the House conferees; and since all of the Senate amendments were nongermane to the House bill under the House rules, they could not agree to any of them in conference. This is why the conferees report back in technical disagreement. As the Senate knows, the House by a small margin defeated the proposal agreed on by the House-Senate conferees.

Therefore, House and Senate conferees met again this morning on H.R. 8410. The conferees agreed that three amendments would be added to the House bill. The three amendments concerned extended unemployment compensation benefits, maternal and child health, and the presidential campaign financing checkoff provision. All other provisions of the Senate bill—those concerning social security, supplemental security income, social services, medicaid, spending limitation, impoundment, and the Eagleton amendment on Cambodia and Laos—have been dropped from this bill.

Let me describe what the amendments accepted by the House do.

UNEMPLOYMENT COMPENSATION

Extended unemployment insurance benefits—for 3 months in addition to the 6 months of regular benefits—may be paid in States with relatively higher unemployment. Under present law, a State to be eligible must have an insured unemployment rate of at least 4 percent; the unemployment rate must be at least 20 percent greater than during the comparable period of the prior 2 years; and there must be a 13-week period between the end of one State extended benefit period and the start of another. The Senate bill contained a provision which would have permanently eliminated the second and third requirements. In other words, under the Senate provision, any State with an insured unemployment rate of 4 percent or more would have been eligible to participate in the extended benefit program.

The House conferees were unwilling to go as far as the Senate amendment, but we were able to get them to go at least part of the way. Under the provision agreed to by the conferees, States will be able to participate in the extended benefit program until January 1, 1974, if their rate of insured unemployment is at least 4.5 percent, without regard to their unemployment rate in the prior 2 years, and without regard to whether 13 weeks have expired since the last State extended benefit period. Once a State begins paying out extended benefits, the extended benefit period will not end until the State's insured unemployment rate drops below 4 percent.

MATERNAL AND CHILD HEALTH

Under present law, 50 percent of appropriations under the maternal and child health program are for formula grants to States; 40 percent for special project grants; and 10 percent for research and training grants. The project grant authority is scheduled to terminate on June 30 of this year, after which 90 percent of the funds appropriated will be for formula grants to States. The House conferees accepted the Senate provision extending the authorization for project grants for another year and providing for a transition in funding to a State-coordinated program. The amendment was accepted in the way the Senate sent it to the House.

PRESIDENTIAL CAMPAIGN CHECKOFF

Senators will recall the amendment offered by Senator HUMPHREY and modified by an amendment I offered. I am, of course, referring to the presidential election campaign checkoff provision. Senator HUMPHREY's amendment required the checkoff provision be placed on the front page of the income tax return form. He also would have required the Secretary of the Treasury to provide appropriate publicity with respect to the campaign checkoff each year. The amendment I offered to his provision converted the campaign checkoff to a nonpartisan checkoff.

I am happy to say that the Members of the House have agreed to this basic provision. However, some slight modifications were made in the provision. The amendment before the Senate provides that the checkoff provision can either be on the front of the tax return or on the side of the return where the taxpayer's signature is required. This gives the Treasury some flexibility in the style of the form itself, but still requires the checkoff where it will readily come to the taxpayers' attention.

We omitted from the Internal Revenue Code the requirement that the Treasury give publicity to the checkoff. However we received assurances from the Secretary of the Treasury that the checkoff will get a great deal of publicity year after year. There was some reluctance to add a provision of this type to the Internal Revenue Code, and with the assurance we receved from the Secretary of the Treasury, we believed that it was unnecessary.

We retained with only technical changes the Senate provision which required the checkoff to be in a nonpartisan form. This is essential if we are to have a simple checkoff on the return itself and also if we are not to disclose to the IRS the political affiliation of the taxpayer.

IMPOUNDMENT PROCEDURES AND EXPENDITURE LIMITATION

I would like to mention two provisions that the House conferees were unwilling to accept.

We were not successful in obtaining an

agreement from the House conferees on the issue of an expenditure ceiling and an anti-impoundment procedure. The Senators will recall that the expenditure ceiling under our version of the bill would have been $268.7 billion and would have provided, with the exception of a series of uncontrollable items, that any reduction made in order to bring expenditures down to the ceiling would have been made on a pro rata basis.

The impoundment procedure would have required reports on impoundment from the President, the review of these reports by the Comptroller General and his report to Congress of these impoundments which do not comply with the antideficiency law. These impoundments within 60 days thereafter would become null and void if Congress did not approve of them.

The House conferees were unwilling to include these provisions in our agreement because other committees of the House are working on different answers to this spending ceiling problem and also the problem of controlling impoundments. The House conferees felt very strongly that the House should have an opportunity to work its will on these matters.

I discussed this problem with Senator MUSKIE who, as Senators know, has been one of the leaders, along with Senator ERVIN, in this matter; and also with Senator ROTH. Senator ERVIN, however, was out of town, and I could not reach him. I believe that Senator MUSKIE fully understands the difficulty we faced in this matter and why the matter is not in the agreement we reached with the House conferees.

There will be plenty of opportunities to consider these matters somewhat later in this session of Congress after the House has had an opportunity to present its views to the Senate. I am sure there will be other opportunities to add measures of these types to "must" legislation which will come before the Senate later this year.

The other measures that were originally included in the Senate bill we propose to handle on other bills. The Cambodia-Laos measure, I believe, has been resolved by the House and Senate on the appropriations bill. That bill has been sent to the President for signature. Both Houses have resolved their differences on other proposed legislation that is going through other committees.

The remainder of these measures we sought to handle in connection with the Renegotiation Act, which has been sent to conference and will come before the Senate shortly. We have yet to handle separately the matter brought before us by the Senator from South Dakota (Mr. MCGOVERN). We propose to handle that measure by discharging the Committee on Finance from further consideration of a minor bill, if the Senate will permit us to do so, and amending that bill.

The tariff bill I am referring to is H.R. 2261, and we propose to send the McGovern amendment to the House as an amendment to that bill. A part of the need for doing so is that the House objected vociferously yesterday even to being asked to vote in one amendment on so many bills.

That way we will send the price control amendments involving agricultural products to the House of Representatives on this other measure, and the chairman of the Ways and Means Committee, Mr. MILLS, has assured me that he will use his best efforts to see to it that this matter is resolved, hopefully favorably, in the House, if it is in his power to persuade the powers that be over there. He will certainly have to clear the bill with the House Agriculture Committee to have that amendment accepted, but he will seek to move it through the House, and resolve it in that fashion.

Mr. President, I think we have before us a very good bill. I would urge all Senators to support it. I move that the Senate concur in the House amendments to the Senate amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. FANNIN). The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Texas (Mr. BENTSEN), the Senator from Mississippi (Mr. EASTLAND), the Senator from North Carolina (Mr. ERVIN), the Senator from South Carolina (Mr. JOHNSTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CLARK), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. MCGEE) and the Senator from Alabama (Mr. SPARKMAN) are absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), is absent because of illness.

On this vote, the Senator from Washington (Mr. MAGNUSON) is paired with the Senator from North Carolina (Mr. ERVIN). If present and voting, the Senator from Washington would vote "yea" and the Senator from North Carolina would vote "nay".

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) would each vote "yea".

Mr. TOWER. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Massachusetts (Mr. BROOKE), the Senator from Oklahoma (Mr. BELLMON), the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Nebraska (Mr. HRUSKA), the Senator from Wyoming (Mr. HANSEN), the Senator from Pennsylvania (Mr. SCOTT), the Senator from South Carolina (Mr. THURMOND), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Michigan (Mr. GRIFFIN), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. MCCLURE), and the Senator from Delaware (Mr. ROTH) are absent on official business.

Also, the Senator from Tennessee (Mr. BROCK), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), are necessarily absent.

If present and voting, the Senator from Vermont (Mr. AIKEN), the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), the Senator from New York (Mr. JAVITS), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from South Carolina (Mr. THURMOND) would each vote "yea."

The result was announced—yeas 63, nays 2, as follows:

[No. 267 Leg.]

YEAS—63

Allen	Fannin	Mondale
Baker	Fulbright	Montoya
Bartlett	Gravel	Nelson
Bayh	Gurney	Nunn
Beall	Hart	Pell
Bennett	Hartke	Percy
Bible	Haskell	Proxmire
Buckley	Hathaway	Randolph
Burdick	Helms	Ribicoff
Byrd, Harry F., Jr.	Hollings	Saxbe
Byrd, Robert C.	Huddleston	Schweiker
Cannon	Hughes	Scott, Va.
Case	Humphrey	Stafford
Church	Inouye	Stevens
Cook	Jackson	Stevenson
Cranston	Long	Taft
Curtis	Mansfield	Talmadge
Dole	Mathias	Tower
Domenici	McClellan	Tunney
Dominick	McGovern	Young
Eagleton	McIntyre	
	Metcalf	

NAYS—2

Chiles	Hatfield

NOT VOTING—35

Abourezk	Goldwater	Packwood
Aiken	Griffin	Pastore
Bellmon	Hansen	Pearson
Bentsen	Hruska	Roth
Biden	Javits	Scott, Pa.
Brock	Johnston	Sparkman
Brooke	Kennedy	Stennis
Clark	Magnuson	Symington
Cotton	McClure	Thurmond
Eastland	McGee	Weicker
Ervin	Moss	Williams
Fong	Muskie	

So the conference report was agreed to.

LISTING OF REFERENCE MATERIAL

U.S. Congress. Senate. Committee on Finance. *Continuation of Present Temporary $465 Billion Debt Limit. Hearing on H.R. 8410.* 93rd Congress, 1st session.

93D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 93-627

SOCIAL SECURITY BENEFIT INCREASE

NOVEMBER 9, 1973.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

DISSENTING, MINORITY, AND ADDITIONAL MINORITY VIEWS

[To accompany H.R. 11333]

The Committee on Ways and Means, to whom was referred the bill (H.R. 11333) to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

23-961—73——1

I. PURPOSE AND SCOPE OF THE BILL

Public Law 93–66, enacted in July 1973, would provide a 5.9-percent cost-of-living increase applicable only to social security benefits payable for June 1974 through December 1974. This benefit increase was enacted as an advance payment of a portion of the first automatic benefit increase, which would be effective for January 1975. In addition, Public Law 93–66 provided that payments under the supplemental security income (SSI) program, which will replace the State programs of aid to the aged, blind, and disabled beginning January 1, 1974, would be increased from $130 for a single individual and $195 for a couple, to $140 and $210 effective with July 1974 (payable early in July).

Since the enactment of Public Law 93–66 early in July, the cost-of living index—particularly those elements which have the greatest effect on individuals not in the labor force, such as the price of food—has risen more rapidly than at any time since the post-World War II period. In the 3 months' time, July, August, and September, the index has risen at a seasonally adjusted annual rate of 10.3 percent and the food component of the index has risen at a seasonally adjusted annual rate of 28.8 percent. Your committee believes, therefore, that Congress should act now both to provide assurance to beneficiaries that the social security and supplemental security income programs are responsive to changing needs by improving benefits as quickly as possible, and to maintain confidence in the fiscal integrity of the system by improving the actuarial soundness of the program.

Your committee's bill would provide for a flat 7-percent social security benefit increase for March 1974 (reflected in the checks received early in April) which would be a partial advance payment of a permanent 11-percent benefit increase effective for June 1974 (reflected in the checks payable early in July 1974).

Your committee's bill would also bring the long-range actuarial deficit of the system within acceptable limits by increasing the annual amount of earnings subject to tax and creditable for benefits and by making small increases and adjustments in the social security tax schedule.

In addition, your committee's bill provides that SSI benefits would be increased from $130 to $140 for a single individual and from $195 to $210 for a couple effective in January 1974 (reflected in the checks received in January). A further increase of $6 for a single individual and $9 for a couple would be effective in July 1974 (reflected in the checks received in July).

II. PRINCIPAL PROVISIONS OF THE BILL

The bill would provide a two-step, 11-percent cost-of-living increase in social security benefits. The first step would be an interim 7-percent increase in benefits payable for March 1974 (the check received in April), while the second step would make the full 11-percent increase

payable with the June 1974 benefits (the check received in July). Under the bill, the minimum benefit would be increased from $84.50 to $90.50 a month for March through May 1974 and to $93.80 per month for months after May 1974. The average old-age benefit payable for March would rise from $167 to $178 per month and then to $186 a month for June 1974, and the average benefit for an aged couple would increase from $277 to $296 per month for March and to $310 for June 1974. Average benefits for aged widows would increase from $158 to $169 for March and to $177 for June 1974.

Special benefits for persons age 72 and over who are not insured for regular benefits would be increased for individuals from $58 to $62.10 a month for March through May 1974 and to $64.40 per month for June 1974, and for couples from $87 a month to $93.20 a month for March through May and to $96.60 per month for June 1974 and after.

ESTIMATED EFFECT OF SPECIAL BENEFIT INCREASE OF 7 PERCENT, EFFECTIVE MARCH 1974 AND PERMANENT 11-PERCENT INCREASE EFFECTIVE JUNE 1974, ON AVERAGE MONTHLY BENEFIT AMOUNTS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

Beneficiary group	Average monthly amount		
	Before 7-percent increase	After 7-percent increase	After 11-percent increase
1. Average monthly family benefits:			
Retired worker alone (no dependents receiving benefits)	$162	$173	$181
Retired worker and aged wife, both receiving benefits	277	296	310
Disabled worker alone (no dependents receiving benefits)	179	191	199
Disabled worker, wife, and 1 or more children	363	388	403
Aged widow alone	158	169	177
Widowed mother and 2 children	390	417	433
2. Average monthly individual benefits:			
All retired workers (with or without dependents also receiving benefits)	167	178	186
All disabled workers (with or without dependents also receiving benefits)	184	197	206

The provision for automatically adjusting benefits to increases in the cost of living enacted in July 1972 is also modified by the bill so that automatic benefit increases would take effect for June rather than January of each year. The first automatic benefit increase possible would take effect in June 1975 rather than January 1975 as under present law.

The bill would also increase from $8.50 to $9 the amount payable under the special minimum benefit provision for each year of coverage in excess of 10, but not more than 30. Thus, the highest special minimum would increase from $170 to $180 for workers with 30 or more years of coverage.

Approximately 30 million beneficiaries would become entitled to higher payments for March 1974. About $2.4 billion in additional benefits would be paid in calendar year 1974.

The bill provides modifications in the financing of the social security system in order to reduce the long-range actuarial deficit of the system. The amount of annual earnings subject to the tax and creditable for benefits would be increased from $12,600 to $13,200 effective January 1974. The tax schedule would be modified as indicated in the table below:

SOCIAL SECURITY TAX RATES FOR EMPLOYERS, EMPLOYEES, AND SELF-EMPLOYED PERSONS UNDER PRESENT LAW AND COMMITTEE BILL

[In percent]

	Present law						Committee bill					
	Employer and employee, each			Self-employed			Employer and employee, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total	OASDI	HI	Total	OASDI	HI	Total
1974 through 1977	4.85	1.00	5.85	7.0	1.00	8.00	4.95	0.90	5.85	7.0	0.90	7.90
1978 through 1980	4.80	1.25	6.05	7.0	1.25	8.25	4.95	1.10	6.05	7.0	1.10	8.10
1981 through 1985	4.80	1.35	6.15	7.0	1.35	8.35	4.95	1.35	6.30	7.0	1.35	8.35
1986 through 2010	4.80	1.45	6.25	7.0	1.45	8.45	4.95	1.50	6.45	7.0	1.50	8.50
2011 plus	5.85	1.45	7.30	7.0	1.45	8.45	5.95	1.50	7.45	7.0	1.50	8.50

The bill advances increases under the SSI program of $10 for an individual and $15 for a couple which would be effective in July 1974, under Public Law 93–66 to the initial payments which will be made under that program in January 1974. Your committee's bill provides further increases of $6 for an individual and $9 for a couple in July 1974, when the second portion of the increase in social security benefits would be paid.

III. GENERAL DISCUSSION

A. Background Information on Existing Legislation

Public Law 92–336, enacted in July of 1972, contained provisions to increase social security benefits by 20 percent for September 1972 and to increase benefits automatically in the future in proportion to increases in the cost of living. Generally speaking, if the cost of living rises by at least 3 percent between the base periods specified in the law, social security benefits are increased under these provisions by the same percentage as the increase in the cost of living. Each of the benefit increases becomes effective for the January following the year in which the rise in the cost of living is computed. The first of the cost-of-living increases under the provisions of present law cannot take effect until January 1975.

Public Law 93–66, enacted in July of 1973, provided for a special 5.9 percent cost-of-living increase applicable only to benefits payable for June 1974 through December 1974. This increase, which was based upon the increase in the cost of living in the 12-month period between June 1972 and June 1973, was enacted as an advance payment of a portion of the first automatic benefit increase which would be effective for January of 1975. Under it, the 5.9 percent advance benefit increase would, in effect, be deducted from the automatic increase that would be payable for January 1975.

The estimated amount of the automatic benefit increase that would be payable for January of 1975 has been increased on several occasions since Public Law 92–336 was enacted. When the Social Security Amendments of 1972 (Public Law 92–603) were enacted a little over a year ago, the amount of the automatic benefit increase for January 1975 was estimated to be 5.1 percent. When Public Law 93–66 was enacted in July of 1973, it was estimated that the first automatic benefit increase would be between 7.1 percent and 8.5 percent, as a result of continued high increases in the cost of living. The amount of the automatic benefit increase for January 1975 is now estimated to be

11.5 percent. These several revisions, which reflect higher increases in living costs than earlier expected, have significant effects upon future social security trust fund balances.

The estimated long-range deficit of the present old-age, survivors, and disability insurance (OASDI) system (over the 75-year period used for making such estimates) is now —0.76 percent of payroll, up from —0.32 percent shown in the trustees report submitted to Congress in July 1973.

B. Change in Social Security Benefit Increase

Since the 5.9-percent benefit increase was enacted in July the cost of living has continued to increase at a very high rate. Your committee now believes that the 5.9-percent benefit increase which would not be received by beneficiaries until July of next year is no longer adequate to assure that payments made to social security beneficiaries will be increased to reflect the unusually rapid increase in living costs that have persisted in the months since Public Law 93–66 was enacted.

Your committee's bill, therefore, would substitute for the 5.9-percent benefit increase effective for June 1974, a two-step cost-of-living benefit increase; a 7-percent interim increase effective for March through May 1974 followed by the full 11-percent across-the-board increase effective for June 1974. These increases would also apply to the special payments made to persons age 72 and over who are not insured for regular social security cash benefits.

Present law provides a special minimum benefit for people who have worked for relatively low wages for long periods of time. When this provision was enacted in 1972, the law provided specifically that benefits based on this provision would not be increased when regular automatic cost-of-living benefit increases occurred. Because of the short period of time that this provision has been in effect, not enough data has been gathered concerning the recipients of these payments to determine with any degree of certainty the need for increasing these benefits on a periodic basis. The committee's bill, however, does provide for a one-time permanent increase in the special minimum benefit. The bill would increase from $8.50 to $9 the amount payable for each year of coverage in excess of 10 years and less than 30 years. Thus, the highest special minimum payment would increase from $170 to $180 for workers with 30 or more years of coverage. This action should not be taken as a judgment that these payments are to be increased in the future.

C. Changes in the Automatic Benefit Adjustment Provisions

Under present law, the cost of living for the automatic benefit increase provisions is measured from the second quarter of one year to the second quarter of the next year with any benefit increase payable for the following January. This results in a 7-month lag between the end of the period which is used to determine the rise in the cost-of-living for an automatic benefit increase and the payment of such increase. (The January check is actually received in February, 7 months after the close of the second calendar quarter.)

Your committee believes that an increase under the automatic benefit adjustment provisions of the law should reflect the rise in the

cost of living as closely as possible. In order to achieve this purpose, the bill would change the automatic adjustment provisions of the law to provide that future benefit increases be computed on the basis of the Consumer Price Index for the first calendar quarter rather than the second calendar quarter of the year as under present law and that the resulting automatic benefit increase be effective for June of the year in which a determination to increase benefits is made. This would reduce the lag between the end of the calendar quarter used to measure the rise in the cost of living and the payment of the resulting benefit increase from 7 months to 3 months. It would also mean that automatic benefit increases in the future would be payable in the month in which any revised premiums under the supplemental medical insurance program would be effective, thus providing the opportunity to make both adjustments in benefit checks at the same time.

Since the 11-percent benefit increase provided for in the bill approximately reflects the estimated rise in the cost of living into the second calendar quarter of 1974, the bill provides specifically that for purposes of determining the first automatic benefit increase effective for June 1975, the increase in living costs would be determined from the second calendar quarter of 1974 to the first calendar quarter of 1975.

These changes would not affect the automatic adjustment provisions relating to the contribution and benefit base and the earnings limitation, except that these increases would occur periodically in January following a June benefit increase rather than in the same January for which benefits would be increased under present law. The bill specifically provides that the 11-percent benefit increase for June of 1974 provided for by the bill shall be considered an automatic benefit increase for purposes of permitting an automatic increase in the contribution and benefit base and the earnings limitation effective beginning January, 1975.

D. Financing of the Social Security System

In the course of consideration of this benefit increase, your committee became concerned about the financial soundness of the present program. Although your committee believes that this bill will make a significant improvement in the financial status of the program, it believes that a basic review of the financing and other major characteristics of the system is overdue. To this end, your committee has instructed the Secretary of Health, Education, and Welfare to expedite the appointment of the next Advisory Council on Social Security (which under present law is required to be appointed by the end of December 1973) and to inform the Council of your committee's concern. Your committee also instructs the Council to consider the role of the social security program in providing an adequate level of benefits in addition to an equitable benefit based on individual earnings levels. Your committee further instructs the Council to review in depth the existing methods of financing social security benefits, and both the short-range and the long-range implications as to benefits and taxes as well as to the economy in general.

Your committee has also instructed its staff to conduct an independent review of these same matters using the resources of the Congressional Research Service, the General Accounting Office, and all other available sources as required.

In this connection, your committee has been advised that the Congressional Research Service has taken steps to develop an independent actuarial resource which would be available to the Congress and urges that such an effective resource be developed as rapidly as possible.

E. Reasons for a Flat Interim Benefit Increase

When your committee was considering various alternative benefit increases, it was informed by the Social Security Administration that it would not be possible to issue checks to beneficiaries containing a regular benefit increase prior to the checks that are scheduled to be mailed on May 3, 1974.

The Social Security Administration informed the committee that it did not have the capability to implement the new SSI program and at the same time recompute the benefits of all social security beneficiaries in the manner that social security benefit increases have been enacted in the past and to reflect such a benefit increase in the checks received by social security beneficiaries prior to the checks which will be issued and mailed on May 3, 1974.

With respect to the 7-percent benefit increase payable for March through May of 1974, your committee's bill therefore provides for a simplified benefit increase that is different in nature from the benefit increases that have been enacted in the past. Under usual benefit increase provisions (including the automatic benefit provisions), the basic primary insurance amount (PIA) which is used to compute the amount of the various types of social security benefits is raised by the required percentage and then all benefits are recomputed based on the increased PIA amount.

The interim 7-percent increase effective for March 1974, would be applied directly to the individual benefit amounts would be payable under present law rather than to the PIA amounts, thus avoiding the time consuming procedures required to increase individual benefits based on increased PIA amounts.

The Social Security Administration informed your committee that it would be possible to reflect this type of a benefit increase in the social security benefit checks that are mailed to beneficiaries on April 3, 1974. The 11-percent across-the-board increase effective for June 1974 will raise the PIA amounts as has been done in previous benefit increases.

F. Supplemental Security Income Benefits

The new program of supplemental security income (SSI) is a federally administered program which will take over most of the responsibility of the former Federal-State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled on January 1, 1974. The task of conversion to a single Federal program with uniform standards for Federal benefits has been a monumental one and is now far advanced. It is estimated that over 3 million recipients under the State programs will move into the new program—up to 3 million more people may be eligible for benefits under it.

In July 1973 there were 1,839,000 recipients of old-age assistance, 78,000 recipients of aid to the blind, and 1,217,000 recipients of aid to the permanently and totally disabled. All of these recipients will

qualify for the SSI program or for State supplements. It has been reported that some States have been carefully reexamining their Aid to Families with Dependent Children and general assistance rolls to determine whether any of these persons will qualify. Thus, the total number of present welfare recipients who are transferred to the program will probably be larger than the number in the present aged, blind, and disabled categories. The Federal Government will bear the full administrative costs of the SSI program and an option is provided to States for the Federal Government to administer any State supplemental payments, thereby relieving the States of very substantial administrative costs. Persons eligible for SSI must meet a standard test of need including both income and resources and as a group may be assumed to include a very high proportion of beneficiaries who are in greatest need because of recent rapid increases in the cost of living.

The committee considered it desirable to increase the benefits to these persons even before the social security benefit increase could become effective. Under existing law, benefits would be $130 for an eligible individual without other income and $195 for such an individual and a spouse from January to June 1974 and would be increased in July to $140 for an individual and $210 for a couple. Your committee bill moves this increase forward to January 1, a change which the Social Security Administration testified was administratively feasible. The bill would further increase these amounts to $146 and $219 on July 1 when the full social security increase occurs. While the January increase precedes the 7-percent advance payment of the social security increase, it is roughly proportionate to it and the July increase approximates the same percentage which the additional social security benefit increase in the July 1974 social security checks represents. Conforming changes were made in the benefits of certain essential persons provided under Public Law 93–66 so that they will conform to a spouse's benefit as they did under that law.

A considerable number of States expect to supplement the SSI benefit because the new Federal benefit will be smaller than the amount that they have previously paid. (For persons with larger incomes in December 1973 as a result of payments under State welfare programs, supplementation is mandated under Public Law 93–66.) States have, in many instances, already made their plans and received their appropriations for these payments. The committee accordingly felt it necessary to give them maximum flexibility during the beginning of the program. Eight States are subject to the so-called hold harmless provision of Public Law 92–603 which provides that the States may maintain an "adjusted payment level" equivalent to payments which would have been made under its plan in January 1972 and that if providing this amount to SSI beneficiaries exceeds the expenditures made by the States from non-Federal funds during the calendar year 1972, the Federal Government will pay the excess.

The Congress, in developing the supplemental security income program, established a uniform benefit structure which was regarded as the Federal responsibility. It recognized that States might wish to add to the amount of the Federal benefit because of living arrangements, high living costs and other factors. However, its clear and unequivocal intention was that such payments would be a State responsibility and wholly State financed. A "hold harmless" provision was included because of the uncertainty of costs of trying to maintain

benefit levels comparable to what the States have been paying. However, it was not intended that modification of total income be assured. Notwithstanding this general philosophy, at this late date, your committee does not believe that all States can shift their financial planning before January 1. The bill accordingly provides that during the calendar year 1974, the "adjusted payment level" computed for purposes of the "hold harmless" provision may be raised by the amount of the January increase in SSI benefits ($10 for individuals and $15 for couples).

The concept of adjusted payment levels is essentially on an average basis and in many States the actual level varies according to living arrangements and geographical locations of recipients. The same concept of averaging would be expected to apply to the distribution of the $10 and $15 increase if a State chooses to adjust some or all of its adjusted payment levels. No State is mandated to increase the total income of SSI beneficiaries above what is now planned when that income is made up in part of the Federal supplemental security income benefit and in part of a State supplemental payment. It should be clearly understood that this provision was included *only* because of the lack of time in relation to the January 1, 1974, starting date of the SSI program and the possible difficulties of securing changes in State legislation, appropriations and plans already made for the initial phase of the SSI program. It is *not* the intention of the committee that this should be taken as any modification of our intention in Public Law 92-603 which established the SSI program.

IV. ACTUARIAL COST ESTIMATES UNDER THE BILL

A. Summary of Actuarial Status and Changes in Methodology

1. Old-age, survivors, and disability insurance program

The long-range cost estimates for the old-age, survivors, and disability insurance system, as modified by the amendments, as well as for its two portions (OASI and DI) considered individually, show that future income and outgo are in close balance. These estimates follow the methods and financing policies adopted in July 1972 when Public Law 92-336 was enacted.

Two important changes were then incorporated into the financing of the program. One is related to the actuarial methodology used to evaluate the long-range cost of the OASDI system. The second deals with the financing policy to be followed in the future. Both of these changes were recommended by the 1971 Advisory Council on Social Security; and both were endorsed by the Board of Trustees of the Federal Old-Age, Survivors, and Disability Insurance Trust Funds.

The most important change involved in the new actuarial methodology lies in the adoption of dynamic assumptions as to benefits, taxable earnings, and the taxable earnings base in contrast to the static assumptions that were employed prior to 1972.

The new methodology is such that if all of the actuarial and economic assumptions should be exactly realized, the financing would provide sufficient income so that in the future the benefit table could be increased as fast as the Consumer Price Index (CPI), as provided under the automatic provisions in the law. Benefit increases that may be enacted in the future beyond those automatically provided for would require additional financing. The contribution tax schedules

in the bill were designed to finance all the costs arising from the provision in the law as it was amended.

In recognition of the sensitivity of the estimates to various demographic and economic factors, a margin for contingencies has been introduced into the long-range cost estimate for OASDI, and is included within the tax schedule recommended by your committee.

The important change in the financing policy is that the concept of "current-cost" financing is used in determining the tax schedule. Under this concept the contribution rates are determined so that the OASDI trust funds increase in size as expenditures increase and serve as a reserve for future contingencies. In the financing of the bill your committee adopted financial arrangements that would yield sufficient income to meet outgo both in the near term and for many years in the future.

2. Hospital insurance program

The long-range cost estimates for the hospital insurance program, under the modified tax schedule in the bill, show that over the 25-year period used to evaluate the program, future income and outgo are in close balance.

The methodology used to determine actuarial balance closely parallels that used for the OASDI program. However, since dynamic assumptions were already being used in the past to estimate benefits, taxable earnings, and earnings bases under the HI program, the new actuarial methodology used for the HI estimates is very similar to that used in estimates for previous legislation.

The financing policy to be followed in the future for HI also parallels that for the OASDI program.

B. Basic Actuarial Principles and Consideration

1. Actuarial soundness of the system

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system and of the hospital insurance system when amendments to the program have been made, and has very strongly believed that the tax schedule in the law should make these systems self-supporting and actuarially sound as nearly as can be foreseen.

The concept of actuarial soundness as it applies to the old-age, survivors, disability, and hospital insurance system differs considerably from this concept as it applies to private insurance or private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is frequently not the case for well-administered private pension plans which may not, as of any given time, have enough assets to cover all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from tax contributions

and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not apply to a social insurance system as it does to a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group during the period considered in the valuation. The additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

The old-age, survivors, disability and hospital insurance programs are actuarially sound if they are in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated contingency trust funds will, over the long-range period considered in the valuation, support all the system's expenditures. Obviously, future experience may be expected to vary from any actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the cost estimates, results in the system being in balance or substantially close thereto.

2. Interrelationship with railroad retirement system

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provided for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions were established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Similar provisions were established for the hospital insurance programs. However, the railroad retirement system essentially acts as an intermediary for benefit payments, and in addition, transfers to the HI trust fund the appropriate HI employer-employee contributions once a year.

C. Actuarial Cost Estimates for the OASDI System

1. Effect of the bill on the actuarial balance of the OASDI system

From an actuarial cost standpoint, the major features of the bill are as follows:

a. Benefits are increased by 11 percent effective for June 1974. A portion of this increase equivalent to 7 percent would be advanced and would be payable for the period March–May 1974 on a flat increase basis, i.e., all benefits would be increased 7 percent over what would be payable under the present law.

b. The automatic adjustment provisions are modified so that automatic increases in benefits would be effective for the month of June in each year based on the increases in CPI from the first calendar quarter of the previous year to the first calendar quarter of the year of the benefit increase. However, the first automatic increase would be based, as in present law, on CPI increases from the quarter in which the last legislated benefit increase was effective.

c. The taxable earnings base is increased from the scheduled $12,600 to $13,200 in 1974. This new base would be subject to automatic increases after 1974 according to the increases in average earnings. All increases in the base would be triggered by the automatic benefit increase in the previous year. However, the base increase for 1975 would be presumed to be triggered by the legislated benefit increase for June 1974.

d. The tax schedule would be modified as shown:

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER PRESENT LAW, AS COMPARED WITH THOSE UNDER THE BILL

[In percent]

Calendar years	Employer and employee rate, each		Self-employed rate	
	Present law	Bill	Present law	Bill
1974 to 1977	4.85	4.95	7.0	7.0
1978 to 2010	4.80	4.95	7.0	7.0
2011 and after	5.85	5.95	7.0	7.0

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER THE BILL, SUBDIVIDED BY TRUST FUND

[In percent]

Calendar years	Employer and employee rate, each			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1974 to 1977	4.375	0.575	4.95	6.185	0.815	7.0
1978 to 1980	4.350	.600	4.95	6.150	.850	7.0
1981 to 1985	4.300	.650	4.95	6.080	.920	7.0
1986 to 2010	4.250	.700	4.95	6.010	.990	7.0
2011 plus	5.100	.850	5.95	6.000	1.000	7.0

The changes in the actuarial balance of the system from its situation under present law to that under the bill, by type of change involved, is as follows:

TABLE 3.—CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED AVERAGE COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW AND THE BILL

[In percent]

Item	OASI	DI	Total
Actuarial balance under present law	−0.48	−0.28	−0.76
$13,200 earnings base in 1974	+.04	+.01	+.05
Benefit increase and change in automatics	−.04	(1)	−.04
Revised tax schedule	+.05	+.19	+.24
Total effect of change in bill	+.05	+.20	+.25
Actuarial balance under bill	−.43	−.08	−.51

[1] Less than 0.005.

These long-range estimates are based on the assumption that average earnings will increase after 1977 at an annual rate of 5 percent, and that the CPI will increase at 2¾ percent per year. In addition, a safety margin of three-eighths of 1 percent is added for every year after 1973 and before 2011.

It is estimated that the changes made by the bill would restore the sound actuarial position of the old-age, survivors, and disability insurance program, since the system would be in close actuarial balance.

Under the tax schedule recommended by your committee, the OASDI system would have an actuarial balance of —0.51 percent of taxable payroll, which is within an acceptable limit of variation of 5 percent of the cost of the system or about 0.57 percent of taxable payroll.

2. Income and outgo in near future for the OASDI system

Table 4 shows the progress of the old-age, survivors, and disability insurance trust fund under present law in the past and under the bill in the future. Under the system as modified by your committee's bill, the trust fund increases in all future years shown. In 1974, the trust fund increases by about $1.9 billion, which is close to the average increase in funds in the 5-year period of the projection 1974–78. During this period the funds grow from $44 billion at the end of 1973 to $54 billion at the end of 1978.

TABLE 4.—OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE AND THE DISABILITY INSURANCE TRUST FUNDS, COMBINED, CALENDAR YEARS 1968-78

[In billions of dollars]

Calendar year	Net income	Net disbursements	Net increase in fund	Fund at end of period
1968	28.5	26.0	2.5	28.7
1969	33.3	27.9	5.5	34.2
1970	37.0	33.1	3.9	38.1
1971	40.9	38.5	2.4	40.4
1972	45.6	43.3	2.3	42.8
Estimated future experience:				
1973	54.8	53.4	1.4	44.2
1974	63.1	61.2	1.9	46.1
1975	68.5	67.6	.8	46.9
1976	74.8	73.1	1.7	48.6
1977	80.9	77.8	3.1	51.7
1978	85.5	83.7	1.9	53.6

3. Increases in OASDI benefit disbursements in 1974–78

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in calendar years 1974–78, as a result of the changes in the bill are shown in table 5.

TABLE 5.—*Estimated additional OASDI benefit payments in calendar years 1974–78 under the provisions in the bill*

[In billions]

Calendar year:	*Additional benefits*
1974	$2.4
1975	1.0
1976	.4
1977	—.7
1978	1.3

4. Long-range OASDI cost projections

(a) Long-range projection of OASDI "current-cost"

Table 6 shows the current-cost of the old-age and survivors insurance program and of the disability insurance program under the system as would be modified by the bill, as a percentage of taxable payroll. Also shown are the average costs of the two programs.

TABLE 6.—ESTIMATED CURRENT-COST [1] OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL,[2] UNDER THE BILL, LONG-RANGE DYNAMIC COST ESTIMATE,[3] FOR SELECTED YEARS, 1980–2045

Calendar year	Old age and survivors insurance	Disability insurance	Total
1980	8.92	1.26	10.18
1985	8.97	1.29	10.26
1990	9.11	1.32	10.43
1995	8.83	1.37	10.20
2000	8.47	1.47	9.94
2005	8.42	1.62	10.04
2010	8.92	1.75	10.67
2015	9.64	1.78	11.42
2020	10.48	1.77	12.25
2025	11.26	1.76	13.02
2030	11.25	1.73	12.98
2035	11.20	1.77	12.97
2040	11.22	1.79	13.01
2045	11.36	1.80	13.16
Average cost [4]	9.81	1.58	11.39

[1] Represents the cost as percent of taxable payroll of all expenditures in the year, including amounts needed to maintain the funds at about the following year's expenditures.

[2] Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer excess wages as compared with the combined employer-employee rate.

[3] Under the dynamic assumptions, the average taxable earnings and the taxable earnings base are assumed to increase at a rate of 5 percent per year, while the benefit table is subject to annual increases of 2¾ percent according to increases in CPI. In addition, a margin of ⅜ of 1 percent is added for every year after 1973 and before the year 2011.

[4] Represents the arithmetic average of the current-cost for the 74-year period 1973–2046 adjusted for the effect of the fund ratio at the end of 1972.

The above projections are based on the assumption that no future changes in the system will be enacted. This means that, according to the automatic provisions, the benefit table would be adjusted periodically to reflect increases in the CPI (assumed at 2¾ percent per year after 1977 and higher before then) and that the taxable earnings base would be adjusted simultaneously to reflect increases in earnings (assumed at 5 percent per year after 1977 and higher before then). In addition, a margin of three-eights of 1 percent per year for years after 1973 and before 2011 has been included in these projections.

D. Basic Assumptions for Cost Estimates for Old-Age, Survivors, and Disability Insurance System

1. General basis for long-range cost estimates

The long-range estimates for the old-age, survivors, and disability insurance program presented in this report are based on the assumption that average earnings in covered employment will increase after 1977 at an annual rate of 5 percent. Similarly, the assumption has been made that the CPI will increase at an annual rate of 2¾ percent. Higher increases for both earnings and CPI are assumed for the early years. These assumptions yield, over the long-range, an implied increase in real earnings of 2¼ percent per year, which is close to the actual average experience of the last 20 years (estimated at about 2.2 percent

per year based on annual averages for the period 1952–72), although it must be observed that recent experience would indicate a lower average value (about 1.9 percent in the last 10 years and 1.4 percent in the last 5 years based on annual averages). In order to protect the financing of the system against possible future fluctuations in this factor, as well as in all the other factors used in the cost estimate, a safety margin of three-eighths of 1 percent has been added for every year after 1973 and up to the year 2010. It will be noted that the addition of this margin has approximately the same effect as an assumption that for the period 1974–2010, average real earnings will increase at only 1⅞ percent per year.

The estimates reflect the effects of the following changes assumed to occur, as a result of the automatic increase provisions under present law and under the system as it would be modified by committee bill, in each year 1975, 1976, 1977, and 1978 (amounts for 1974 are also shown as a basis for comparison):

TABLE 7.—ASSUMED FUTURE CHANGES UNDER AUTOMATIC PROVISIONS

Year	General benefit increase (percent)		Contribution and benefit base		Annual exempt amount under the retirement test[1]
	Present law	Committee bill	Present law	Committee bill	
Special increase:[2] 1974	5.9	7.0	$12,600	$13,200	$2,400
Permanent increase:[3]					
1974	—	11.0	12,600	13,200	2,400
1975	11.5	3.1	13,500	14,100	2,520
1976	4.0	3.1	14,400	15,000	2,640
1977	3.0	—	15,300	15,900	2,880
1978	—	5.8	15,300	15,900	2,880

[1] Amounts are the same under present law and under the modified system.
[2] Under the present law, as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for the period June–December 1974; under the modified system, the special benefit increase of 7 percent is effective for the period March–May 1974.
[3] The first permanent benefit increase (11.5 percent under present law and 11 percent under the committee bill) will be figured on the benefit rates now in effect and not on top of the special benefit increase (5.9 percent under present law and 7 percent under the committee bill). Permanent benefit increases under present law become effective for January of the stated year; under the modified system, they become effective for June.

It should be observed that the assumptions of constant annual increases in earnings and in the CPI were not adopted because it was felt that these increases would remain constant in the future. These assumptions are intended to represent average increases over the long-range future, with the increases being higher in some years and lower in others.

The long-range cost projections are based on assumptions that are intended to represent close to full employment (average unemployment is assumed at 4½ percent of the labor force). The aggregate amount of earnings taxable in 1973 under the base of $10,800 is estimated at about $563 billion. Similarly it is estimated that $632 billion of earnings will be taxable in 1974 under the scheduled $13,200 earnings base. The latter amount is projected to increase in the future as the covered population grows and as the average taxable earnings increase due to adjustments in the earnings base as well as to increases in average earnings in covered employment.

The long-range cost estimates presented in this report were prepared for a 75-year period. This longer period of valuation is appropriate because of the projected increase in the aged population. The reason for this is that the number of births in the 1930's was very low as com-

pared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged to earners from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason, a period extending beyond the year 2015 would be needed to show the effect in the OASDI costs of a changing aged population.

2. Measurement of costs in relation to taxable payroll

In general, long-range costs in this report are shown as a percentage of taxable payroll. This is the best measure of the long-range cost of the program. Dollar figures taken alone could be misleading. It should be recognized that cost projections based on dynamic assumptions involve the use into the distant future of geometric growth in economic factors, which would tend to make the resulting dollar figures difficult to interpret when viewed from today's economic situation.

3. General basis for short-range cost estimates

The short-range cost estimates (shown for the individual years 1973–78) assume that employment and earnings will increase each year. A gradual rise in the earnings level in the future (averaging about 6.2 percent per year) is assumed. This is close to the increase that has occurred in the past few years (estimated at about 6.2 percent for the last 3 years and about 6.0 percent for the last 5 years based on annual averages). Covered employment is assumed to increase by about 1.9 million workers per year during the period. The CPI is assumed to increase at an average rate of about 3.3 percent per year from the second quarter in 1974 to the first quarter in 1977. This is somewhat below the level that occurred in the past few years (estimated at about 5.9 percent in fiscal year 1973 and about 4.9 percent for the last 5 years, based on annual averages).

E. Actuarial Cost Estimates for the Hospital Insurance Program

1. Effect of the bill on the actuarial balance of the hospital insurance program

The only provisions in the bill that affect the actuarial balance of the hospital insurance program are the change in the earnings base and the modification of the tax schedule as outlined in the preceding sections. These changes would move the program from a small deficit of −0.01 percent of the taxable payroll to exact balance. The tax schedule under the bill as compared with present law is shown in table 8.

TABLE 8.—CONTRIBUTION RATES FOR HOSPITAL INSURANCE UNDER BILL, AS COMPARED WITH THOSE UNDER PRESENT LAW

[In percent]

Calendar year	Employer, employee, and self-employed rate, each	
	Present law	Bill
1974 through 1977	1.00	0.90
1978 through 1980	1.25	1.10
1981 through 1985	1.35	1.35
1986 through 1998	1.45	1.50

2. Short-range estimates of the income and outgo of the hospital insurance program

For the period 1974–78, the income to the HI program would be lower under the bill than under present law. Estimates of the cash income and outgo and of the resulting balances in the hospital insurance trust fund are shown in table 9 for the past as well as for the next 5 calendar years.

TABLE 9.—PROGRESS OF THE SOCIAL SECURITY HOSPITAL INSURANCE TRUST FUND UNDER BILL

[In billions of dollars]

Calendar year	Net income	Net disbursements	Net increase in fund	Fund at end of period
1968	5.3	4.3	1.0	2.1
1969	5.3	4.9	.4	2.5
1970	6.0	5.3	.7	3.2
1971	5.7	5.9	−.2	3.0
1972	6.4	6.5	−.1	2.9
Estimated future experience:				
1973	11.4	8.1	3.4	6.3
1974	12.1	9.8	2.3	8.6
1975	13.1	11.5	1.5	10.1
1976	14.3	13.0	1.2	11.3
1977	15.4	14.7	.7	12.0
1978	19.4	16.6	2.8	14.9

3. Long-range cost estimates for the hospital insurance program

The adequacy of the contribution rates to support the hospital insurance system is measured by comparison with the "current costs" for the program over a 25-year period. The current cost in any year is essentially the combined employer-employee contribution rate that would be just sufficient to (*a*) provide the benefit payments and administrative expenses for the year and (*b*) maintain the trust fund at the level of the following year's disbursements. If the trust fund is not currently equal to the desired level of expected disbursements during the next year, the current-costs must be modified to adjust the growth (or decline) of the trust fund to a path that will lead to the desired level in some future year.

The impact of the bill on the hospital insurance program is the increase in the earnings base in 1974, which resultst in an increase in taxable payroll for 1974 and all years thereafter, and the modification in the tax schedule as shown in table 8. These changes affect the long-range actuarial balance of the HI program as indicated in table 10.

TABLE 10.—*Changes in actuarial balance of hospital insurance system as percent of taxable payroll, by type of change in Public Law 92–603*

Item	*Percent*
Actuarial balance under present law	−0.01
Effect of $13,200 earnings base	+.03
Revised contribution schedule	−.02
Total effect of changes in bill	+.01
Actuarial balance under bill	0.

The current costs of the hospital insurance system over the next 25 years under the bill is as shown in table 11.

TABLE 11.—*Estimated current cost [1] of hospital insurance system as percent of taxable payroll,[2] under the bill, for selected years 1974–95*

Calendar year:	Current cost
1974	1.72
1975	1.81
1980	2.31
1985	2.59
1990	2.92
1995	3.18
Average cost [3]	2.61

[1] Ratio, to taxable payroll, of (a) benefit payments and administrative expenses for insured beneficiaries, and (b) the amount necessary to maintain the trust fund at the level of the following year's disbursements.
[2] Taxable payroll is adjusted to take into account the lower contribution rates on self-employment income, on tips, and on multiple employer "excess wages."
[3] The "average cost" is the average of the "current costs" for the 25-year period 1973-97, adjusted to build the trust fund to the desired level of the next year's disbursements.

V. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, the following statement is made relative to the costs incurred in carrying out this bill.

A complete discussion of the costs of the social security provisions of the bill is contained in section IV of this report, entitled "Actuarial Cost Estimates Under the Bill," which describes the financing of the amended programs and points out that under the financing provisions of the bill the programs would be fully financed. The following table sets forth the estimated additional income and outgo of the social security trust funds under present law resulting from the provisions of H.R. 11333, for fiscal years 1974 through 1979:

ESTIMATED ADDITIONAL INCOME AND ADDITIONAL OUTGO OF THE OASI AND DI TRUST FUNDS COMBINED OVER PRESENT LAW, RESULTING FROM PROVISIONS OF H.R. 11333, FISCAL YEARS 1974–79

[In billions]

	Additional income	Additional outgo
Fiscal year:		
1974	$0.6	$0.9
1975	1.9	1.7
1976	2.1	.7
1977	2.4	.4
1978	3.0	−.9
1979	3.7	1.9

ESTIMATED ADDITIONAL INCOME AND ADDITIONAL OUTGO OF THE HI TRUST FUND OVER PRESENT LAW, RESULTING FROM PROVISIONS OF H.R. 11333, FISCAL YEARS 1974–79

[In billions]

	Additional [1] income	Additional outgo
Fiscal year:		
1974	−$0.6	0
1975	−1.2	0
1976	−1.4	0
1977	−1.6	0
1978	−2.2	0
1979	−2.8	0

[1] As explained in sec. IV, the hospital insurance tax is reduced in the early years, but the status of the fund remains actuarially sound. The long-range status of the system is improved

The increases in SSI benefits will amount to $215 million in the fiscal year ending June 30, 1974, $250 million in fiscal year 1975, $250 million in fiscal year 1976, $250 million in fiscal year 1977, $250 million in fiscal year 1978, and $250 million in fiscal year 1979.

The temporary change in the hold-harmless provision affects only the fiscal years 1974 and 1975. It will not appreciably change the amounts already included in the fiscal year 1974 budget, but in its absence a savings of about $100 million would be realized as compared with the budget figures. The estimated cost for the first 6 months of fiscal year 1975 (July–December 1974) is $100 million.

Your committee's cost estimates relating to the social security and SSI provisions of the bill, which were furnished to the committee by the Department of Health, Education, and Welfare, constitute the best information available at this time.

In compliance with clause 27(b) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee on the motion to report the bill. The bill was ordered favorably reported by a voice vote.

SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 1. Interim Cost-of-Living Increase in Social Security Benefits

Section 1 of the bill provides an interim increase in monthly benefit amounts and lump-sum death benefits payable under title II and in the amount of the special payments made to certain people age 72 and older who have never worked in covered jobs or who have had less covered work than is needed to qualify for the regular retirement benefits. This increase is accomplished by amending section 201 of Public Law 93–66, which presently provides in effect for a 5.9-percent increase in social security benefits, effective for June 1974.

Increase in benefit amounts

Section 1(a) of the bill amends Public Law 93–66 to provide that the actual amount of monthly benefits and lump-sum death benefits payable (rather than the primary insurance amounts—the amounts on which benefits are based and which were traditionally increased under past general benefit increases and will be increased in the future automatically) will be increased by 7 percent. The increase applies before any offsets or any deductions from benefits because of earnings from work or failure to have a child in care and before the $255 limit is applied to lump-sum death benefits, but after adjustments to take account of entitlement before age 65, the limit on the total amount of benefits payable to a family, delayed retirement credits, and dual entitlement. (An increase in special minimum benefits is provided in section 1(f) of the bill.)

Period for which interim benefit increase is effective

Section (1)(b) amends Public Law 93–66 to provide that the 7-percent interim increase will be effective for monthly benefits for March 1974 through May 1974 and for lump-sum death benefits based on deaths occurring in March, April, or May 1974.

Interim increase not to be handled as automatic increase

Section (1)(c) repeals the provision of Public Law 93–66 requiring that benefits be increased in the manner prescribed by section 215(i) of the Social Security Act.

Increase in family benefit rates

Section 1(d) of the bill amends Public Law 93–66 to assure that the 11-percent benefit increase provided by section 2 of the bill will be applied to the family benefit rates in effect prior to the interim 7-percent increase.

Interim increase not to be effective beyond May 1974

Section 1(e) of the bill amends Public Law 93–66 to terminate the interim 7-percent benefit with benefits for June 1974. The interim benefit increase of 5.9 increase under section 201 of Public Law 93–66 (replaced by this bill) would have been effective through December

1974. Section 1(e) also amends Public Law 93–66 so that the benefit increases provided by section 2 of the bill that are subject to reduction for age, or subject to the limit on the total monthly amount payable to a family, will be applied to the benefit rates in effect prior to the interim 7-percent increase.

Special minimum benefits

Section 1(f) of the bill amends section 215(a)(3) of the Social Security Act to increase the special minimum benefits. Under this amendment (effective for months after February 1974) the special minimum benefits will be equal to $9 for each year of coverage in excess of 10 and up to 30, rather than $8.50 for each such year of coverage as under present law. The highest monthly special minimum benefit possible will be $180 under the change, rather than $170 as under present law.

Section 2. Eleven-Percent Increase in Old-Age, Survivors, and Disability Insurance Benefits, and in Benefits for Certain Individuals Age 72 or Over

Section 2 of the bill provides a general benefit increase of 11 percent, effective for June 1974, with new minimum and maximum benefit amounts. It also increases the amount of the special payments made to certain people age 72 and older who have never worked in covered jobs or who have had less covered work than is needed to qualify for the regular retirement benefits of the program.

Primary insurance amount; column IV of the revised benefit table

Section 2(a) of the bill amends section 215(a) of the Social Security Act to substitute a new table for the present benefit table. The new table effectuates the benefit increase for people who are on the benefit rolls prior to June 1974 and provides benefit amounts higher than those under present law for people who come on the benefit rolls in or after that month. The new primary insurance amounts, shown in column IV of the table, represent an increase of 11 percent over the primary insurance amounts presently provided (under the amendments made by Public Law 92–336) for average monthly earnings up to $1,000—the highest average monthly earnings possible under Public Law 92–336. In addition, it provides benefits at a 20-percent replacement rate for amounts up to $1,100. (The primary insurance amount is an amount equal to the monthly benefit payable to a worker who retires at or after age 65 or to a disabled worker who had not previously been entitled to a reduced old-age benefit; it is also the amount on which most benefits are based.)

An approximation of the benefits shown in the new benefit table can be arrived at by taking 119.89 percent of the first $110 of average monthly earnings, plus 43.61 percent of the next $290, plus 40.75 percent of the next $150, plus 47.90 percent of the next $100, plus 26.64 percent of the next $250, plus 20 percent of the next $100. Benefits in the present table as provided by Public Law 92–336 approximate 108.01 percent of the first $110 of average monthly earnings plus 39.29 percent of the next $290, plus 36.71 percent of the next $150, plus 43.15 percent of the next $100, plus 24 percent of the next $100, plus 20 percent of the next $250.

The primary insurance amounts provided by the new table range from a minimum of $93.80 for people whose average monthly earnings

are $76 or less to a maximum of $469 for people who have average monthly earnings of $1,100. Average monthly earnings as high as $1,100 will become possible in the future under the $13,200 contribution and benefit base which the bill (in section 5) provides. The primary insurance amounts of workers getting benefits based on Public Law 92–336 (i.e , workers who will not have the advantage of the increased contribution and benefit base) are raised from $84.50 to $93.80 at the minimum and from $404.50 to $449.00 at the maximum, payable for June 1974.

The total monthly amounts of benefits payable to families on the basis of a single earnings record, shown in column V of the new table, are 11 percent higher than the amounts shown in column V of the present benefit table. The maximum family benefits are equal to 1½ times the worker's primary insurance amount in the case of primary insurance amounts below $189.90, and range up to about 1.88 times the worker's primary insurance amount at a primary insurance amount of $272.40. From a primary insurance amount of $274.70 to the maximum primary insurance amount of $469.00 the maximum family benefit is graded down slightly, but not below 1.75 times the worker's primary insurance amount. This formula produces, at the maximum possible average monthly earnings of $1,100, a maximum family benefit of about three-fourths of the average monthly earnings. Under the bill, the maximum amount of monthly benefits payable to a family will range from $140.80 to $820.80.

Increase in special age-72 payments

Section 2(b) of the bill amends section 227 of the act to increase from $58.00 to $64.40 the monthly amount payable to transitionally insured workers and widows who qualify for special payments under section 227 on the basis of 3, 4, or 5 quarters of coverage. (To qualify for regular retirement benefits, a worker has to have a minimum of 6 quarters of coverage.) It also raises from $29.00 to $32.20 the amount payable to the wives of men who qualify for benefits under that section.

Similarly, section 2(b) of the bill amends section 228 of the act to increase from $58.00 to $64.40 the monthly amount payable to people who qualify for monthly payments under section 228 on the basis of no quarters of coverage, or of some quarters of coverage but not enough to qualify for either regular retirement benefits or payments to transitionally insured people, and to increase from $29.00 to $32.20 the monthly amount payable to a wife when both husband and wife are entitled to benefits under that section.

Effective date

Section 2(c) of the bill provides that the benefit increases under section 2(a) will be effective for monthly benefits for and after June 1974 and for lump-sum death payments where death occurs in or after that month. The increases in special payments under section 2(b) will be effective with respect to monthly payments for and after June 1974.

Miscellaneous benefit increase provisions

Section 2(d) of the bill amends Public Law 92–336 to provide that the various miscellaneous provisions which are necessary each time a general benefit increase is provided, and which were automated by Public Law 92–336, will become effective for June 1974 in order to operate in conjunction with the 11-percent general benefit increase.

Section 3. Modification of Cost-of-Living Benefit Increase Provisions

Section 3 of the bill changes the automatic adjustment provisions enacted by Public Law 92–336, so that (except in the case of the first adjustment, discussed below) the basic measuring quarter for determining the increase in the consumer price index which is to be reflected in an automatic increase in benefits will be the first calendar quarter of each year rather than the second, and the increases provided will be effective for June of the year in which the determination of the increase is made rather than for the following January. The amount of the increase would still be measured from the later of the last quarter in which a legislated benefit increase became effective and the last quarter which previously triggered an automatic benefit increase. The earliest month for which an automatic benefit increase could be effective would be June 1975; and the increase in the consumer price index will be measured from the second quarter of 1974 through the first quarter of 1974 to determine the amount of such benefit increase. The requirement that the appropriate committees of the Congress be notified by August 15 of the year prior to the January effective date of an automatic benefit increase, with promulgation of a table for computing the new benefits by November 1 prior to that January, is changed so that notification to the Congress must be accomplished within 30 days after the close of the quarter which triggered an increase and the table for computing the new benefits must be promulgated within 45 days of the close of that quarter.

Automatic benefit increase

Section 3(a) of the bill amends section 215(i)(1)(A)(i) of the Social Security Act to provide that base quarters (the quarters used to measure the increase in the consumer price index) are defined as the first quarter in each year after 1974, rather than the second quarter in each year after 1972 as under present law. The quarter in which a legislated increase becomes effective remains a base quarter.

Section 3(b) of the bill amends section 215(i)(l)(B) of the act to provide that no automatic increase in benefits can take place if in the prior year a legislated general benefit increase was enacted or became effective, thereby reflecting the change in the measuring quarter from the second quarter of the year prior to the automatic increase to the first quarter of the year of the increase.

Section 3(c) of the bill amends section 215(i)(2)(A)(i) to require the Secretary to make the automatic determinations each year beginning in 1975, rather than beginning in 1974.

Section 3(d) of the bill amends section 215(i)(2)(A)(ii) of the act to reflect the change in the measuring quarter and effective date of the automatic benefit increases.

Section 3(e) of the bill amends section 215(i)(2)(B) of the act to make the automatic increases effective with June of a particular year, rather than the following January as under present law.

Section 3(f) of the bill amends section 215(i)(2)(C)(ii) of the act to provide that Congress is to be notified within 30 days after the close of the base quarter which triggers an increase—by the end of April of the year in which the increase occurs—rather than by August 15 of the year prior to the year of the increase.

Section 3(g) of the bill amends section 215(i)(2)(D) of the act to provide that a new table of benefits to effectuate an automatic benefit increase must be promulgated within 45 days after the close of the base quarter which triggers an increase—by mid-May of the year in which the increase occurs—rather than by November 1 of the year prior to the year of the increase.

Section 3(h) of the bill amends section 215(i)(2) of the act by striking out subparagraph (E), the provision which under present law detriggers a benefit increase if a legislated benefit increase is enacted or becomes effective in the year in which a determination is made that an automatic increase in benefits is required.

Section 3(i) of the bill provides that the 11-percent increase in benefits effective for June 1974 will be considered to be an automatic benefit increase for purposes of section 203(f)(8) (the automatic retirement test provision), section 230(a) (the automatic contribution and benefit base provision), and section 215(i)(1)(B) (the detrigger mechanism in the automatic benefit increase provision). With this change, it will be possible to have an automatic increase in the retirement test exempt amount, in the contribution and benefit base, and in benefits effective in 1975.

Automatic contribution and benefit base increases

Section 3(j)(1)(A) of the bill amends section 230(a) of the act—the provision governing the automatic adjustment of the contribution and benefit base—to provide that the base can be increased automatically only if, in the prior year, benefits were automatically increased.

Section 3(j)(1)(B) of the bill amends section 230(a) of the act to make conforming changes to those made elsewhere in the automatic provisions for benefits—changes reflecting the fact that the table of benefits will not be promulgated by November 1, and that a legislated increase in benefits enacted or effective in the prior year will not detrigger an automatic increase in benefits.

Section 3(j)(2) of the bill makes a conforming change in section 230(c) of the act to reflect the change in the effective date for automatic benefit increases from January to June.

Automatic retirement test increases

Section 3(k) of the bill makes conforming changes in the retirement test automatic adjustment provisions of the law.

Section 3(k)(1) of the bill amends section 203(f)(8)(A) of the act, dealing with the requirement that the Secretary publish in the Federal Register notification of forthcoming increases in the retirement test exempt amount under section 203(f), in order to delete references to the publication of benefit increases under section 215(i).

Section 3(k)(2) of the bill amends section 203(f)(8)(B) of the act by providing that the House Committee on Ways and Means and the Senate Committee on Finance are to be notified of the estimated amount of a forthcoming increase in the exempt amount, and given related actuarial information, within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)). Under present law, such notice and related information must be given no later than August 15 of the year in which such base quarter occurs.

Section 3(k)(3) of the bill amends section 203(f)(8)(C) so that enactment of a general benefit increase during a year in which a determination is made that an increase in the exempt amount is

required will not prevent such increase in the exempt amount from going into effect.

Section 4. Supplemental Security Income Benefits

Section 4(a)(1) of the bill amends section 210(c) of Public Law 93–66 to provide that the supplemental security income benefit rates of $1,680 per year for an eligible individual and $2,520 per year for an eligible individual who has an eligible spouse are to become effective beginning with January 1974 instead of July 1974.

Section 4(a)(2) of the bill amends section 211(a)(1)(A) of Public Law 93–66 to provide that the $840 per year supplemental security income benefit amount with respect to essential persons is to become effective beginning with January 1974 instead of July 1974.

Section 4(b)(1) of the bill amends section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93–66) to increase from $1,680 to $1,752 per year the supplemental security income benefit rate for an eligible individual, effective for months beginning with July 1974.

Section 4(b)(2) of the bill amends section 1611(a)(2)(A) and section 1611(b)(2) of the act (as so enacted and amended) to increase from $2,520 to $2,628 per year the benefit rate for an eligible individual who has an eligible spouse, effective for months beginning with July 1974.

Section 4(b)(3) of the bill amends section 211(a)(1)(A) of Public Law 93–66 (as amended by section 4(a)(2) of the bill) to increase the benefit amount with respect to essential persons from $840 to $876 per year effective for months beginning with July 1974.

Section 4(c) of the bill amends section 401(b)(1) of the Social Security Amendments of 1972 to provide that for purposes of the limitation on fiscal liability of States for State supplementation, States may increase their adjusted payment levels for months in the calendar year 1974 by the amounts by which supplemental security income benefit levels are increased by section 210(c) of Public Law 93–66 as amended by section 4(a)(1) of the bill (i.e., by $10 in the case of an individual and $15 in the case of a couple).

Section 5. Increase of Earnings Counted for Benefit and Tax Purposes

Section 5 of the bill amends various provisions of the Social Security Act and the Internal Revenue Code of 1954 to increase the amount of annual earnings that is subject to social security contributions and counted toward social security benefits (the contribution and benefit base) from $12,600 to $13,200 for 1974 (subject to automatic increases thereafter).

Amendments to title II of the Social Security Act

Definition of wages

Section 5(a)(1) of the bill amends section 209(a)(8) of the Social Security Act (defining "wages" for benefit purposes) to make the $13,200 contribution and benefit base applicable to wages paid in the calendar year 1974.

Definition of self-employment income

Section 5(a)(2) of the bill amends section 211(b)(1)(H) of the act (defining "self-employment income" for benefit purposes) to make the $13,200 contribution and benefit base applicable for taxable years beginning after 1973 and before 1975.

Quarter of coverage

Section 5(a)(3) of the bill amends clauses (ii) and (iii) of section 213(a)(2) of the act (defining "quarter of coverage") to provide that an individual will be credited with a quarter of coverage for each quarter of the calendar year 1974 if his wages for such year equal $13,200 (rather than $12,600 as in present law). An individual will also be credited with a quarter of coverage for each quarter any part of which falls within a taxable year which begins after 1973 and before 1975 and in which the sum of his wages and self-employment equals $13,200.

Average monthly wage

Section 5(a)(4) of the bill amends section 215(e)(1) of the act (relating to the amount of annual earnings that can be counted in computing a person's average monthly wage) to increase from $12,600 to $13,200, effective for the calendar year 1974, the maximum amount, of annual earnings that may be counted in the computation of a person's average monthly wage for purposes of determining benefit amounts.

Amendments to the Internal Revenue Code of 1954

Definition of self-employment income

Section 5(b)(1) of the bill amends section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (defining "self-employment income" for social security tax purposes) by increasing from $12,600 to $13,200 the amount of annual self-employment income which is subject to social security contributions for taxable years beginning after 1973 and before 1975.

Definition of wages

Section 5(b)(2) of the bill amends section 3121(a)(1) of the code (defining "wages" for social security tax purposes) by increasing from $12,600 to $13,200 the amount of annual wages subject to contributions, effective for the calendar year 1974.

Federal service

Section 5(b)(3) of the bill amends section 3122 of the code (relating to Federal service) to conform its provisions to the increase in the contribution and benefit base from $12,600 to $13,200.

Returns in the case of certain governmental employees

Section 5(b)(4) of the bill amends section 3125 of the code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) to conform its provisions to the increase in the contribution and benefit base from $12,600 to $13,200.

Special refunds of employee contributions

Section 5(b)(5) and 5(b)(6) of the bill amend section 6413(c)(2)(A) of the code (relating to special refunds of social security contributions paid by an employee who in any calendar year had more than one employer and had total wages in excess of the maximum which may be counted) to conform the special refund provisions to the $13,200 contribution and benefit base.

Estimated tax on self-employment income

Section 5(b)(7) of the bill amends section 6654(d)(2)(B)(ii) of the code (relating to failure to pay estimated income tax on adjusted self-employment income) to conform to the increase in the contribution and benefit base from $12,600 to $13,200.

Automatic adjustment of the contribution and benefit base

Section 5(c) of the bill amends section 230(c) of the Social Security Act to change the definition of the "contribution and benefit base" from $12,600 to $13,200 prior to 1975 or the first time an automatic increase in the amount becomes effective.

Conforming changes for purposes of the automatic provision for increasing the base

Section 5(d) of the bill amends present law by increasing from $12,600 to $13,200 the amount of the contribution and benefit base which will be in effect prior to the first automatic base increase.

Effective dates

Section 5(e) provides effective dates for the changes made by the section. The amendments made by section 5 (except subsection (a)(4) thereof) are applicable with respect to remuneration paid after, and taxable years beginning after, 1973; the amendments made by subsection 5(a)(4) (relating to the amount of earnings creditable for social security benefits) will apply with respect to the calendar year 1974.

Technical provision

Section 5(f) of the bill provides that the amendments made by the section to the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 are deemed to be made to those provisions as they were amended by section 203 of Public Law 93-66.

Section 6. Changes in Tax Schedules

Section 6 of the bill provides new schedules of social security tax rates for old-age, survivors, and disability insurance and for hospital insurance.

Old-age, survivors, and disability insurance rates

Section 6(a) of the bill amends sections 3101(a) and 3111(a) of the Internal Revenue Code of 1954 to provide new schedules of old-age, survivors, and disability insurance tax rates for both employees and employers. Under present law, these tax rates for the years involved are as follows:

Calendar years:	*Percent*
1974 through 1977	4.85
1978 through 2010	4.80
2011 and after	5.85

Under the bill, the corresponding tax rates are as follows:

Calendar years:	*Percent*
1974 through 2010	4.95
2011 and after	5.95

Hospital insurance rates

Section 6(b) of the bill amends sections 1401(b), 3101(b), and 3111(b) of the code to provide new schedules of hospital insurance tax rates for the self-employed as well as for both employees and

employers. Under present law, these tax rates for the years involved (for purposes of the tax on self-employment income as well as the taxes on wages) are as follows:

Calendar years (for purposes of wages) and taxable years beginning in (for purposes of self-employment income):	*Percent*
1974 through 1977	1.00
1978 through 1980	1.25
1981 through 1985	1.35
1986 and after	1.45

Under the bill, the corresponding tax rates are as follows:

Calendar years (for purposes of wages) and taxable years beginning in (for purposes of self-employment income):	*Percent*
1974 through 1977	0.90
1978 through 1980	1.10
1981 through 1985	1.35
1986 and after	1.50

Effective dates

Section 6(c) of the bill provides that the amendment made by section 6(b)(1) is to apply with respect to taxable years which begin after December 31, 1973, and that the remaining amendments made by section 6 are to apply with respect to remuneration paid after December 31, 1973.

Section 7. Allocation to Disability Insurance Trust Fund

Section 7(a) of the bill amends section 201(b)(1) of the Social Security Act, which deals with the amount to be allocated and appropriated to the Federal disability insurance trust fund each year with respect to wages and now provides that such amount is to be 1.10 percent of the wages paid during 1974–77, 1.15 percent of the wages paid during 1978–2010, and 1.50 percent of the wages paid after 2010. Under the amended section 201(b)(1), the amount so allocated and appropriated will be 1.15 percent of the wages paid during 1974–77, 1.20 percent of the wages paid during 1978–80, 1.30 percent of the wages paid during 1981–85, 1.40 percent of the wages paid during 1986–2010, and 1.70 percent of the wages paid after 2010.

Section 7(b) of the bill amends section 201(b)(2) of the act, which deals with the amount to be allocated and appropriated to the Federal disability insurance trust fund each year with respect to self-employment income and now provides that such amount is to be 0.795 percent of the self-employment income so reported for any taxable year beginning after 1973 and before 1978, 0.840 percent of the self-employment income so reported for any taxable year beginning after 1977 and before 2011, and 0.895 percent of the self-employment income so reported for any taxable year beginning after 2010. Under the amended section 201(b)(2), the amount so allocated and appropriated will be 0.815 percent of the self-employment income so reported for any taxable year beginning after 1973 and before 1978, 0.850 percent of the self-employment income so reported for any taxable year beginning after 1977 and before 1981, 0.920 percent of the self-employment income so reported for any taxable year beginning after 1980 and before 1986, 0.990 percent of the self-employment income so reported for any taxable year beginning after 1985 and before 2011, and 1.000 percent of the self-employment income so reported for any taxable year beginning after 2010.

CHANGES 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

* * * * * * *

FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

Section 201. (a) * * *

* * * * * * *

(b) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Disability Insurance Trust Fund". The Federal Disability Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in subsection (i)(1), and of such amounts as may be appropriated to, or deposited in, such fund as provided in this section. There is hereby appropriated to the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1957, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

(1)(A) ½ of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1956, and before January 1, 1966, and reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, (B) 0.70 of 1 per centum of the wages (as so defined) paid after December 31, 1965, and before January 1, 1968, and so reported, and (C) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1967, and before January 1, 1970, and so reported, (D) 1.10 per centum of the wages (as so defined) paid after December 31, 1969, and before January 1, 1973, and so reported, [(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1978, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 2011, and so reported, and (G) 1.5 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages] *(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after*

December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

(2)(A) 3/8 of 1 per centum of the amount of self-employment income (as defined in section 1402 of the Internal Revenue Code of 1954) reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F of the Internal Revenue Code of 1954 for any taxable year beginning after December 31, 1956, and before January 1, 1966, (B) and 0.525 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1965, and before January 1, 1968, and (C) 0.7125 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1967, and before January 1, 1970, (D) 0.825 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1969, and before January 1, 1973, [(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1978, (F) 0.84 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 2011, and (G) 0.895 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income] *(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income* shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

* * * * * * *

REDUCTION OF INSURANCE BENEFITS

MAXIMUM BENEFITS

Sec. 203. (a) * * *

* * * * * * *

MONTHS TO WHICH EARNINGS ARE CHARGED

(f) For purposes of subsection (b)—

(1) * * *

* * * * * * *

(8)(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the [first] month of [the calendar year] *June* following a cost-of-living computation quarter [,] he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs [(along with the publication of such benefit increase as required by section 215(i)(2)(D))] a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends [with the close of or] after the calendar year [with the first month of] *in* which such benefit increase is effective (or, in the case of an individual who dies during [such] *the* calendar [year,] *year after the calendar year in which the benefit increase is effective*, with respect to such individual's taxable year which ends, upon his death, during such year).

(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger—

(i) the exempt amount which was in effect with respect to months in the taxable year in which the determination under subparagraph (A) was made, or

(ii) the product of the exempt amount described in clause (i) and the ratio of (I) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subparagraph (A) was made to (II) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973, or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under section 230(a), with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.

Whenever the Secretary determines that the exempt amount is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance [no later than August 15 of such year] *within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year* of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

(C) Notwithstanding the determination of a new exempt amount by the Secretary under subparagraph (A) (and notwithstanding any publication thereof under such subparagraph or any notification thereof under the last sentence of subparagraph (B)), such new exempt amount shall not take effect pursuant thereto if during the calendar year in which such determination is made a law increasing the exempt amount [or providing a general benefit increase under this title (as defined in section 215(i)(3))] is enacted.

* * * * * * *

DEFINITION OF WAGES

Sec. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a)(1) * * *

* * * * * * *

(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to [$12,600] *$13,200* with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

* * * * * * *

SELF-EMPLOYMENT

Sec. 211. For the purposes of this title—

NET EARNINGS FROM SELF-EMPLOYMENT

(a) * * *

SELF-EMPLOYMENT INCOME

(b) The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

(1) That part of the net earnings from self-employment which is in excess of—

(A) * * *

* * * * * * *

(H) For any taxable year beginning after 1973 and prior to 1975, (i) [$12,600] *$13,200*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

* * * * * * *

QUARTER AND QUARTER OF COVERAGE

DEFINITIONS

Sec. 213. (a) For the purposes of this title—

(1) The term "quarter", and the term "calendar quarter", means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term "quarter of coverage" means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;

(ii) if the wages paid to any individual in any calendar year equal to $3,000 in the case of a calendar year before 1951, or $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954 and before 1959, or $4,800 in the case of a calendar year after 1958 and before 1966, or $6,600 in the case of a calendar year after 1965 and before 1968, or $7,800 in the case of a calendar year after 1967 and before 1972, or $9,000 in the case of a calendar year after 1971 and before 1973, or $10,800 in the case of a calendar year after 1972 and before 1974, or [$12,600] *$13,200* in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954 and before 1959, or $4,800 in the case of a taxable year ending after 1958 and before 1966, or $6,600 in the case of a taxable year after 1965 and before 1968, or $7,800 in the case of a taxable year ending after 1967, or $9,000 in the case of a taxable year beginning after 1971 and before 1973, or $10,800 in the case of a taxable year beginning after 1972 and before 1974, or [$12,600] *$13,200* in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

* * * * * * *

Computation of Primary Insurance Amount

Sec. 215. For the purposes of this title—

(a) The primary insurance amount of an insured individual shall be determined as follows:

(1) * * *

* * * * * * *

(3) Such primary insurance amount shall be an amount equal to [$8.50] *$9.00* multiplied by the individual's years of coverage in excess of 10 in any case in which such amount is higher than the individual's primary insurance amount as determined under paragraph (1) or (2).

* * * * * * *

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount under 1971 Act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
----------	$16.20	$70.40	----------	$76	$84.50	$126.80
$16.21	16.84	71.50	$77	78	85.80	128.80
16.85	17.60	73.10	79	80	87.80	131.70
17.61	18.40	74.50	81	81	89.40	134.20
18.41	19.24	75.80	82	83	91.00	136.50
19.25	20.00	77.40	84	85	92.90	139.40
20.01	20.64	78.80	86	87	94.60	141.90
20.65	21.28	80.10	88	89	96.20	144.30
21.29	21.88	81.70	90	90	98.10	147.20
21.89	22.28	83.10	91	92	99.80	149.70
22.29	22.68	84.50	93	94	101.40	152.20
22.69	23.08	85.80	95	96	103.00	154.50
23.09	23.44	87.40	97	97	104.90	157.40
23.45	23.76	88.90	98	99	106.70	160.10
23.77	24.20	90.60	100	101	108.80	163.20
24.21	24.60	91.90	102	102	110.30	165.50
24.61	25.00	93.40	103	104	112.10	168.20
25.01	25.48	95.10	105	106	114.20	171.30
25.49	25.92	96.60	107	107	116.00	173.90
25.93	26.40	98.20	108	109	117.90	176.90
26.41	26.94	99.70	110	113	119.70	179.60
26.95	27.46	101.10	114	118	121.40	182.10
27.47	28.00	102.70	119	122	123.30	185.00
28.01	28.68	104.20	123	127	125.10	187.70
28.69	29.25	105.90	128	132	127.10	190.70
29.26	29.68	107.30	133	136	128.80	193.20
29.69	30.36	108.70	137	141	130.50	195.80
30.37	30.92	110.40	142	146	132.50	198.80
30.93	31.36	111.90	147	150	134.30	201.50
31.37	32.00	113.30	151	155	136.00	204.00
32.01	32.60	115.00	156	160	138.00	207.00
32.61	33.20	116.40	161	164	139.70	209.60
32.21	33.88	118.00	165	169	141.60	212.40
33.89	34.50	119.50	170	174	143.40	215.20
34.51	35.00	121.00	175	179	145.20	217.80

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount under 1971 Act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
$35.01	$35.80	$122.60	$179	$183	$147.20	$220.80
35.81	36.40	124.00	184	188	148.80	223.20
36.41	37.08	125.70	189	193	150.60	226.40
37.09	37.60	127.20	194	197	152.70	229.10
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	130.30	203	207	156.40	234.60
39.13	39.68	131.80	208	211	158.20	237.30
39.69	40.33	133.10	212	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.30	222	225	163.60	245.40
41.77	42.44	137.90	226	230	165.50	248.30
42.45	43.20	139.40	231	235	167.30	251.00
43.21	43.76	141.10	236	239	169.40	254.10
43.77	44.44	142.50	240	244	171.00	257.80
44.45	44.88	143.90	245	249	172.70	263.10
44.89	45.60	145.60	250	253	174.80	267.30
		147.10	254	258	176.60	272.60
		148.40	259	263	178.10	277.80
		150.10	264	267	180.20	282.00
		151.60	268	272	182.00	287.30
		153.20	273	277	183.90	292.60
		154.70	278	281	185.70	296.80
		156.20	282	286	187.50	302.10
		157.90	287	291	189.50	307.40
		159.20	292	295	191.10	311.60
		160.90	296	300	193.10	316.80
		162.40	301	305	194.90	322.10
		163.80	306	309	196.60	326.40
		165.50	310	314	198.60	331.70
		166.90	315	319	200.30	337.00
		168.30	320	323	202.00	341.20
		170.00	324	328	204.00	346.50
		171.50	329	333	205.80	351.80
		173.20	334	337	207.90	356.00
		174.50	338	342	209.40	361.20
		176.00	343	347	211.20	366.50
		177.70	348	351	213.30	370.70
		179.10	352	356	215.00	376.00
		180.80	357	361	218.70	385.50
		182.20	362	365	217.00	381.30
		183.60	366	370	220.40	390.70
		185.30	371	375	222.40	396.00
		186.80	376	379	224.20	400.40
		188.50	380	384	226.26	405.60
		189.80	385	389	227.80	410.90
		191.30	390	393	229.60	415.10
		193.00	394	398	231.60	420.40
		194.40	399	403	233.30	425.70
		196.10	404	407	235.40	229.90
		197.40	408	412	236.90	435.20
		198.80	413	417	238.60	440.40
		200.20	418	421	240.30	444.70
		201.80	422	426	242.20	339.90
		203.10	427	431	243.80	455.20
		204.50	432	436	245.40	460.50
		206.10	437	440	247.40	462.60
		207.40	441	445	248.90	465.30
		208.80	446	450	250.60	467.90
		210.40	451	454	252.50	470.00
		211.70	455	459	254.10	472.60
		213.10	460	464	255.80	475.20
		214.50	465	468	257.40	477.40
		216.10	469	473	259.40	480.00
		217.40	474	478	260.90	482.70

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount under 1971 Act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		A least—	But not more than—		
		$218.80	$479	$482	$262.60	$484.80
		220.40	483	487	264.50	487.50
		221.70	488	492	266.10	490.10
		223.10	493	496	267.80	492.20
		224.70	497	501	269.70	494.80
		226.00	502	506	271.20	497.40
		227.40	507	510	272.90	499.60
		228.80	511	515	274.60	502.20
		230.30	516	520	276.40	504.90
		231.70	521	524	278.10	506.90
		233.10	525	529	279.80	509.60
		234.70	530	534	281.70	512.20
		236.00	535	538	283.20	514.40
		237.40	539	543	284.90	517.00
		239.00	544	548	286.80	519.60
		240.30	549	553	288.40	522.30
		241.70	554	556	290.10	523.80
		242.90	557	560	291.50	526.00
		244.20	561	563	293.10	527.60
		245.50	564	567	294.60	529.70
		246.80	568	570	296.20	531.30
		248.00	571	574	297.60	533.30
		249.30	575	577	299.20	535.00
		250.50	578	581	300.60	537.00
		251.80	582	584	302.20	538.60
		253.00	585	588	303.60	540.80
		254.40	589	591	305.30	542.30
		255.60	592	595	306.80	544.50
		256.90	596	598	308.30	546.00
		258.10	599	602	309.80	548.20
		259.40	603	605	311.30	549.80
		260.60	606	609	312.80	551.80
		262.00	610	612	314.40	553.50
		263.20	613	616	315.90	555.50
		264.50	617	620	317.40	557.70
		265.70	621	623	318.90	559.20
		267.00	624	627	320.40	561.40
		268.20	628	630	321.90	563.30
		269.50	631	634	323.40	566.10
		270.80	635	637	325.00	568.70
		272.10	638	641	326.60	571.50
		273.30	642	644	328.00	574.00
		274.60	645	648	329.60	576.80
		275.80	649	652	331.00	579.30
		276.60	653	656	332.00	581.00
		277.40	657	660	332.90	582.60
		278.40	661	665	334.10	584.70
		279.40	666	670	335.30	586.80
		280.40	671	675	336.50	588.90
		281.40	676	680	337.70	591.00
		282.40	681	685	338.90	593.10
		283.40	686	690	340.10	595.20
		284.40	691	695	341.30	597.30
		285.40	696	700	342.50	599.40
		286.40	701	705	343.70	601.50
		287.40	706	710	344.90	603.60
		288.40	711	715	346.10	605.70
		289.40	716	720	347.30	607.80
		290.40	721	725	348.50	609.90
		291.40	726	730	349.70	612.00
		292.40	731	735	350.90	614.10
		293.40	736	740	352.10	616.20
		294.40	741	745	353.40	618.30
		295.40	746	750	394.50	620.40

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I	II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)	(Primary insurance amount under 1971 Act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (b)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least— But not more than—		At least—	But not more than—		
		$751	$755	$355.50	$622.20
		756	760	356.50	623.90
		761	765	357.50	625.70
		766	770	358.50	627.40
		771	775	359.50	629.20
		776	780	360.50	630.90
		781	785	361.50	632.70
		786	790	362.50	634.40
		791	795	363.50	636.20
		796	800	364.50	637.90
		801	805	365.50	639.70
		806	810	366.50	641.40
		811	815	367.50	643.20
		816	820	368.50	644.90
		821	825	369.50	646.70
		826	830	370.50	648.40
		831	835	371.50	650.20
		836	840	372.50	651.90
		841	845	373.50	653.70
		846	850	374.50	655.40
		851	855	375.50	657.20
		856	860	376.50	658.90
		861	865	377.50	660.70
		866	870	378.50	662.40
		871	875	379.50	664.20
		876	880	380.50	665.90
		881	885	381.50	667.70
		886	890	382.50	669.40
		891	895	383.50	671.20
		896	900	384.50	672.90
		901	905	385.50	674.70
		906	910	386.50	676.40
		911	915	387.50	678.20
		916	920	388.50	679.90
		921	925	389.50	681.70
		926	930	390.50	683.40
		931	935	391.50	685.20
		936	940	392.50	686.90
		941	945	393.50	688.70
		946	950	394.50	690.40
		951	955	395.50	692.20
		956	960	396.50	693.90
		961	965	397.50	695.70
		966	970	398.50	697.40
		971	975	399.50	699.20
		976	980	400.50	700.90
		981	985	401.50	702.70
		986	990	402.50	704.40
		991	995	403.50	706.20
		996	1,000	404.50	707.90

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		*II*	*III*		*IV*	*V*
(Primary insurance benefit under 1939 Act, as modified)		*(Primary insurance amount effective for September 1972)*	*(Average monthly wage)*		*(Primary insurance amount)*	*(Maximum family benefits)*
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		*Or his primary insurance amount (as determined under subsec. (c)) is—*	*Or his average monthly wage (as determined under subsec. (b)) is—*		*The amount referred to in the preceding paragraphs of this subsection shall be—*	*And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—*
At least—	*But not more than—*		*At least—*	*But not more than—*		
----------	$16.20	$84.50	----------	$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.30
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.60	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
21.29	21.88	98.10	90	90	108.90	163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.09	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40
26.95	27.46	121.40	114	118	134.80	202.20
27.47	28.00	123.30	119	122	136.90	205.40
28.01	28.68	125.10	123	127	138.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.90
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	184	188	165.20	247.80
36.41	37.08	150.90	189	193	167.50	251.40
37.09	37.60	152.70	194	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.68	158.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.88	172.70	245	249	191.70	229.10
44.89	45.60	174.80	250	253	194.10	292.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	308.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$198.60	$310	$314	$220.50	$368.30
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.80	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	405.90
		213.30	348	351	236.80	411.60
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.60
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.40	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		204.30	418	421	266.80	493.60
		242.20	422	426	268.80	499.40
		243.80	427	431	270.70	505.30
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.30	516.50
		250.80	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80
		260.80	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	548.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.80
		286.80	544	548	318.40	576.80
		288.40	549	553	320.20	579.80
		290.10	554	556	322.10	581.60
		291.50	557	560	323.60	583.80
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.09
		300.60	578	581	333.70	593.10
		302.20	582	584	335.60	597.90
		303.60	585	588	337.00	600.20
		305.20	589	591	338.90	602.00

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (*Primary insurance benefit under 1939 Act, as modified*)		*II* (*Primary insurance amount effective for September 1972*)	*III* (*Average monthly wage*)		*IV* (*Primary insurance amount*)	*V* (*Maximum family benefits*)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		*Or his primary insurance amount (as determined under subsec. (c)) is—*	*Or his average monthly wage (as determined under subsec. (b)) is—*		*The amount referred to in the preceding paragraphs of this subsection shall be—*	*And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—*
At least—	*But not more than—*		*At least—*	*But not more than—*		
		$306.80	$592	$595	$340.60	$604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.30	603	605	345.60	610.30
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		320.40	624	627	355.70	623.20
		321.90	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	646.70
		334.10	661	665	370.90	649.10
		335.30	666	670	372.20	651.40
		336.50	671	675	373.60	653.70
		337.70	676	680	374.90	656.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.50	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.50	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	393.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	395.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20
		364.50	796	800	404.60	708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00
		367.50	811	815	408.00	714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.30	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.90	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	876	421.30	737.30

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$380.50	$876	$880	$422.40	$739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	424.60	743.10
		383.50	891	895	425.70	745.10
		384.50	896	900	426.80	747.00
		385.50	901	905	428.00	749.00
		386.50	906	910	429.10	750.80
		387.50	911	915	430.20	752.80
		388.50	916	920	431.30	754.70
		389.50	921	925	432.40	756.70
		390.50	926	930	433.50	758.60
		391.50	931	935	434.60	760.60
		392.50	936	940	435.70	762.50
		393.50	941	945	436.80	764.50
		394.50	946	950	437.80	766.40
		395.50	951	955	439.10	768.40
		396.50	956	960	440.20	770.30
		397.50	961	965	441.30	772.30
		398.50	966	970	442.40	774.20
		399.50	971	975	443.50	776.20
		400.50	976	980	444.60	778.00
		401.50	981	985	445.70	780.00
		402.50	986	990	446.80	781.90
		403.50	991	995	447.80	783.80
		404.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.60
			1,006	1,010	451.00	789.30
			1,011	1,015	452.00	791.00
			1,016	1,020	453.00	792.80
			1,021	1,025	454.00	794.50
			1,026	1,030	455.00	796.30
			1,031	1,035	456.00	798.00
			1,036	1,040	457.00	799.80
			1,041	1,045	458.00	801.50
			1,046	1,050	459.00	803.30
			1,051	1,055	460.00	805.00
			1,056	1,060	461.00	806.80
			1,061	1,065	462.00	808.50
			1,066	1,070	463.00	810.30
			1,071	1,075	464.00	812.00
			1,076	1,080	465.00	813.80
			1,081	1,085	466.00	815.50
			1,086	1,090	467.00	817.30
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80
*	*	*	*	*	*	*

CERTAIN WAGES AND SELF-EMPLOYMENT INCOME NOT TO BE COUNTED

(e) For the purposes of subsections (b) and (d)—

(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, the excess over $4,200 in the case of any calendar year after 1954 and before 1959, the

excess over $4,800 in the case of any calendar year after 1958 and before 1966, the excess over $6,600 in the case of any calendar year after 1965 and before 1968, the excess over $7,800 in the case of any calendar year after 1967 and before 1972, the excess over $9,000 in the case of any calendar year after 1971 and before 1973, the excess over $10,800 in the case of any calendar year after 1972 and before 1974, the excess over [$12,600] *$13,200* in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective [1, 2] of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

* * * * * * *

COST-OF-LIVING INCREASES IN BENEFITS

(i)(1) For purposes of this subsection—

(A) the term "base quarter" means (i) [the calendar quarter ending on June 30 in each year after 1972, or] *the calendar quarter ending on March 31 in each year after 1974, or* (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

(B) the term "cost-of-living computation quarter" means a base quarter, as defined in subparagraph (A)(i), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year [in which a law has been enacted providing a general benefit increase under this title or in which such a benefit increase becomes effective; and] *if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and*

(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

(2)(A)(i) The Secretary shall determine each year beginning with [1974] *1975* (subject to the limitation in paragraph (1)(B) and to subparagraph (E) of this paragraph) whether the base quarter (as defined in paragraph (1)(A)(i)) in such year is a cost-of-living computation quarter.

(ii) If the Secretary determines that [such base quarters] *the base quarter in any year* is a cost-of-living computation quarter, he shall, effective with the month of [January of the next calendar year] *June of such year* (subject to subparagraph (E)) as provided in subparagraph

(B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual under this title (but not including a primary insurance amount determined under subsection (a)(3) of this section),[1] by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1)(A)(ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1)(B). Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply (subject to subparagraph (E)) in the case of monthly benefits under this title for months after [December] *May* of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after [December] *May* of such calendar year.

(C)(i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1)(A)(ii)) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination [on or before August 15 of such calendar year] *within 30 days after the close of such quarter*, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register [on or before November 1 of such calendar year] *within 45 days after the close of such quarter* a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph; and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

* * * * * * *

[(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.]

* * * * * * *

TRANSITIONAL INSURED STATUS

SEC. 227. (a) In the case of any individual who attains the age of 72 before 1969 but who does not meet the requirements of section 214(a), the 6 quarters of coverage referred to in paragraph (1) of section 214(a) shall, instead, be 3 quarters of coverage for purposes of determining entitlement of such individual to benefits under section 202(a), and of his wife to benefits under section 202(b), but, in the case of such wife, only if she attains the age of 72 before 1969 and only with respect to wife's insurance benefits under section 202(b) for and after the month in which she attains such age. For each month before the month in which any such individual meets the requirements of section 214(a), the amount of his old-age insurance benefit shall, notwithstanding the provisions of section 202(a), be [$58.00] *$64.40* and the amount of the wife's insurance benefit of his wife shall, notwithstanding the provisions of section 202(b), be [$29.00] *$32.20*.

(b) In the case of any individual who has died, who does not meet the requirements of section 214(a), and whose widow attains age 72 before 1969, the 6 quarters of coverage referred to in paragraph (3) of section 214(a) and in paragraph (1) thereof [1] shall, for purposes of determining her entitlement to widow's insurance benefits under section 202(e), instead be—

(1) 3 quarters of coverage if such widow attains the age of 72 in or before 1966.

(2) 4 quarters of coverage if such widow attains the age of 72 in 1967, or

(3) 5 quarters of coverage if such widow attains the age of 72 in 1968.

The amount of her widow's insurance benefit for each month shall, notwithstanding the provisions of section 202(e) (and section 202 (m)), be [$58.00] *$64.40*

(c) In the case of any individual who becomes, or upon filing application therefor would become, entitled to benefits under section 202(a) by reason of the application of subsection (a) of this section, who dies, and whose widow attains the age of 72 before 1969, such deceased individual shall be deemed to meet the requirements of subsection (b of this section for purposes of determining entitlement of such widow to widow's insurance benefits under section 202(e).

BENEFITS AT AGE 72 FOR CERTAIN UNINSURED INDIVIDUALS

ELIGIBILITY

Sec. 228. (a) Every individual who—

(1) has attained the age of 72,

(2)(A) attained such age before 1968, or (B) has not less than 3 quarters of coverage, whenever acquired, for each calendar year elapsing after 1966 and before the year in which he attained such age,

(3) is a resident of the United States (as defined in subsection (e)), and is (A) a citizen of the United States or (B) an alien lawfully admitted for permanent residence who has resided in the United States (as defined in section 210(i)) continuously during the 5 years immediately preceding the month in which he files application under this section, and

(4) has filed application for benefits under this section,

shall (subject to the limitations in this section) be entitled to a benefit under this section for each month beginning with the first month after September 1966 in which he becomes so entitled to such benefits and ending with the month preceding the month in which he dies. No application under this section which is filed by an individual more than 3 months before the first month in which he meets the requirements of paragraphs (1), (2), and (3) shall be accepted as an application for purposes of this section.

BENEFIT AMOUNT

(b)(1) Except as provided in paragraph (2), the benefit amount to which an individual is entitled under this section for any month shall be [[$58.00]] *$64.40*.

(2) If both husband and wife are entitled (or upon application would be entitled) to benefits under this section for any month, the amount of the husband's benefit for such month shall be [[$58.00]] *$64.40* and the amount of the wife's benefit for such month shall be [[$29.00]] *$32.20*.

REDUCTION FOR GOVERNMENTAL PENSION SYSTEM BENEFITS

(c)(1) The benefit amount of any individual under this section for any month shall be reduced (but not below zero) by the amount of any periodic benefit under a governmental pension system for which he is eligible for such month.

(2) In the case of a husband and wife only one of whom is entitled to benefits under this section for any month, the benefit amount, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (A) the total amount of any periodic benefits under governmental pension systems for which the spouse who is not entitled to benefits under this section is eligible for such month, over (B) [[$29.00]] *$32.20*.

(3) In the case of a husband and wife both of whom are entitled to benefits under this section for any month—

(A) the benefit amount of the wife, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (i) the total amount of any periodic benefits

under governmental pension systems for which the husband is eligible for such month, over (ii) [$58.00] *$64.40*; and

(B) the benefit amount of the husband, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (i) the total amount of any periodic benefits under governmental pension systems for which the wife is eligible for such month, over (ii) [$29.00] *$32.20*.

* * * * * * *

ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

Sec. 230. (a) Whenever the Secretary pursuant to section 215(i) increases benefits effective [with the first month of the calendar year] *with the June* following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs [(along with the publication of such benefit increase as required by section 215(i)(2)(D)] the contribution and benefit base determined under subsection (b) which shall be effective [(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))] with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

* * * * * * *

(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the "contribution and benefit base" with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the [first month] *June* of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be [$12,600] *$13,200* or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.

* * * * * * *

PART A—DETERMINATION OF BENEFITS

ELIGIBILITY FOR AND AMOUNT OF BENEFITS

DEFINITION OF ELIGIBLE INDIVIDUAL

Sec. 1611. (a)(1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than [$1,680] *$1,752* for the calendar year 1974 or any calendar year thereafter, and

(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, $2,250, or (ii) in case such individual has no spouse with whom he is living, $1,500,

shall be an eligible individual for purposes of this title.

(2) Each aged, blind, or disabled individual who has an eligible spouse and—

(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than [$2,520] *$2,628* for the calendar year 1974, or any calendar year thereafter, and

(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613(a), are not more than $2,250,

shall be an eligible individual for purposes of this title.

AMOUNTS OF BENEFITS

(b)(1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of [$1,680] *$1,752* for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of [$2,520] *$2,628* for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.

INTERNAL REVENUE CODE

* * * * * * *

SUBTITLE A—INCOME TAXES

* * * * * * *

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

* * * * * * *

SEC. 1401. RATE OF TAX.

(a) * * *

* * * * * * *

(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;

[(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

[(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;

[(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year;

[(5) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year.]

(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year.

SEC. 1402. DEFINITIONS.

(a) * * *

* * * * * * *

(b) SELF-EMPLOYMENT INCOME.—The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year; except that such term shall not include—

(1) that part of the net earnings from self-employment which is in excess of—

(A) * * *

* * * * * * *

(H) for any taxable year beginning after 1973 and before 1975, (i) [$12,600] *$13,200*, minus (ii) the amount of the wages paid to such individual during the taxable year; and

* * * * * * *

SUBTITLE C—EMPLOYMENT TAXES

* * * * * * *

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

* * * * * * *

SUBCHAPTER A—TAX ON EMPLOYEES

* * * * * * *

SEC. 3101. RATE OF TAX.

(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages received during the calendar year 1968, the rate shall be 3.8 percent;

(2) with respect to wages received during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 4.6 percent;

[(4) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.85 percent;

[(5) with respect to wages received during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and

[(6) with respect to wages received after December 31, 2010, the rate shall be 5.85 percent.]

(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent.

(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

[(2) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.0 percent;

[(3) with respect to wages received during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;

[(4) with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and

[(5) with respect to wages paid after December 31, 1985, the rate shall be 1.45 percent.]

(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.

* * * * * * *

SUBCHAPTER B—TAX ON EMPLOYERS

* * * * * * *

SEC. 3111. RATE OF TAX.

(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages paid during the calendar year 1968, the rate shall be 3.8 percent;

(2) with respect to wages paid during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

(3) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 4.6 percent;

[(4) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.85 percent;

[(5) with respect to wages paid during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and

[(6) with respect to wages paid after December 31, 2010, the rate shall be 5.85 percent.]

(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.

(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

[(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.0 percent;

[(3) with respect to wages received during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;

[(4) with respect to wages received during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent; and

[(5) with respect to wages received after December 31, 1985, the rate shall be 1.45 percent.]

(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.

* * * * * * *

SUBCHAPTER C—GENERAL PROVISIONS

* * * * * * *

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to [$10,800] *$13,200* with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to [$10,800] *$13,200* to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

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SEC. 3122. FEDERAL SERVICE.

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, and including service, performed as a volunteer or volunteer leader within the meaning of the Peace Corps Act, to which the provisions of section

3121(p) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121(b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121(a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the [$10,800] *$13,200* limitation in section 3121(a)(1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121(a)(1). Payments of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service. The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this section shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this section the Secretary shall be deemed to be the head of such instrumentality.

* * * * * * *

SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.

(a) GUAM.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$13,200* limitation in section 3121(a)(1).

(b) AMERICAN SAMOA.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the [$10,800] *$13,200* limitation in section 3121(a)(1).

(c) DISTRICT OF COLUMBIA.—In the base of the taxes imposed by this chapter with respect to service performed in the employ of the District of Columbia or in the employ of any instrumentality which is wholly owned thereby, the return and payment of the taxes may be made by the Commissioners of the District of Columbia or by such agents as they may designate. The person making such return may, for convenience of administration, make payments of the tax imposed by section 3111 with respect to such service without regard to the [$10,800] *$13,200* limitation in section 3121(a)(1).

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SUBTITLE F—PROCEDURE AND ADMINISTRATION

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CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

* * * * * * *

SUBCHAPTER B—RULES OF SPECIAL APPLICATION

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SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

(a) * * *

* * * * * * *

(c) SPECIAL REFUNDS.—

(1) IN GENERAL.—If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received

by him during such year exceed $4,200, or (B) during any calendar year after the calendar year 1958 and prior to the calendar year 1966, the wages received by him during such year exceed $4,800, or (C) during any calendar year after the calendar year 1965 and prior to the calendar year 1968, the wages received by him during such year exceed $6,600, or (D) during any calendar year after the calendar year 1967 and prior to the calendar year 1972, the wages received by him during such year exceed $7,800, or (E) during any calendar year after the calendar year 1971 and prior to the calendar year 1973, the wages received by him during such year exceed $9,000 or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed $10,800, or (i) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed [$12,600,] *$13,200,* or (H) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year; and the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first $4,800 of such wages received in such calendar year after 1958 and before 1966, or which exceeds the tax with respect to the first $6,600 of such wages received in such calendar year after 1965 and before 1968, or which exceeds the tax with respect to the first $7,800 of such wages received in such calendar year after 1967 and before 1972, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971 and before 1973, or which exceeds the tax with respect to the first $10,800 of such wages received in such calendar year after 1972 and before 1974, or which exceeds the tax with respect to the first [$12,600] *$13,200* of such wages received in such calendar year after 1973 and before 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year.

(2) APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES, EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS, AND GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.—

(A) FEDERAL EMPLOYEES.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pur-

suant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term "wages" inincludes for purposes of this subsection the amount, not to exceed $3,600 for the calendar year 1951, 1952, 1953, or 1954, $4,200 for the calendar year 1955, 1956, 1957, or 1958, $4,800 for the calendar year 1959, 1960, 1961, 1962, 1963, 1964, or 1965, $6,600 for the calendar year 1966 or 1967, $7,800 for the calendar year 1968, 1969, 1970 or 1971, or $9,000 for the calendar year 1972, $10,800 for the calendar year 1973, [$12,600] *$13,200* for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee.

* * * * * * *

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

* * * * * * *

SUBCHAPTER A—ADDITIONS TO THE TAX AND ADDITIONAL AMOUNTS

* * * * * * *

SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

(a) * * *

* * * * * * *

(d) EXCEPTION.—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

(1) The tax shown on the return of the individual for the preceding taxable year, if a return showing a liability for tax was filed by the individual for the preceding taxable year and such preceding year was a taxable year of 12 months.

(2) An amount equal to 80 percent (66⅔ percent in the case of individuals referred to in section 6073(b), relating to income from farming or fishing) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid and by taking into account the adjusted self-employment income (if the net earnings from self-employment (as defined in section 1402(a)) for the taxable year equal or exceed $400). For purposes of this paragraph—

(A) The taxable income shall be placed on an annualized basis by—

(i) multiplying by 12 (or, in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income (computed without deduction of personal exemptions) for the months in the taxable year ending before the month in which the installment is required to be paid,

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, and

(iii) deducting from such amount the deductions for personal exemptions allowable for the taxable year (such personal exemptions being determined as of the last date prescribed for payment of the installment).

(B) The term "adjusted self-employment income" means—

(i) the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid, but not more than

(ii) the excess of [$10,800] *$13,200* over the amount determined by placing the wages (within the meaning of section 1402(b)) for the months in the taxable year ending before the month in which the installment is required to be paid on an annualized basis in a manner consistent with clauses (i) and (ii) of subparagraph (A).

* * * * * * *

SECTION 401 OF THE SOCIAL SECURITY AMENDMENTS OF 1972

TITLE IV—MISCELLANEOUS

LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION

SEC. 491. (a) * * *

(b)(1) For purposes of subsection (a), the term "adjusted payment level under the appropriate approved plan of a State as in effect for January 1972" means the amount of the money payment which an individual with no other income would have received under the plan of such State approved under title I, X, XIV, or XVI of the Social Security Act, as may be appropriate, and in effect for January 1972; except that the State may, at its option, increase such payment level with respect to any such plan by an amount which does not exceed the sum of—

(A) a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plan, [and]

(B) the bonus value of food stamps in such State for January 1972 (as defined in paragraph (3) of this subsection) [.], *and*

(C) in the case of months in the calendar year 1974, the amount by which supplemental security income benefits of the type involved

were increased by section 210 of Public Law 93-66, as amended by section 4(a)(1) of the law which added this clause.

* * * * * * *

PUBLIC LAW 92-336

AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE CONTRIBUTION AND BENEFIT BASE

Adjustments in Benefits

SEC. 202. (a)(1) * * *

* * * * * * *

(3) (A) Effective [January 1, 1975] *June 1, 1974*, section 215 (a) of such Act (as amended by section 201(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (i)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective [January 1, 1975] *June 1, 1974*, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further amended to read as follows:

"(4) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) who becomes entitled to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (i)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective without being entitled to benefits under section 202(a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f)(2)."

(C) Effective [January 1, 1975] *June 1, 1974*, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section. an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223, or who died, before such effective month."

* * * * * * *

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 203. (a)(1) * * *

* * * * * * *

(b)(1) * * *

* * * * * * *

(2)(A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$9,000" each place it appears and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973 ,section 3121(a)(1) of such Code is amended by striking out "$10,800" each place it appears and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out [$12,600] *$13,200* each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the [$12,600] *$13,200* limitation" and inserting in lieu thereof "the contribution and benefit base limitation".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3125 of such Code is amended by striking out "the [$12,600] *$13,200* limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

* * * * * * *

(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of [$12,000] *$13,200* over the amount" and inserting in lieu thereof "the excess of (I) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

* * * * * * *

PUBLIC LAW 93-66

* * * * * * *

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 201. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments [payable under title II of the Social Security Act by the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972] *payable under sections 202 and 223 of the Social Security Act, and each benefit amount specified in sections 227 and 228 of such Act, by a dollar amount equal, in the case of any benefit or payment, to 7 per centum of the actual amount of the benefit or payment as otherwise determined (adjusted to the next higher multiple of $0.10). For purposes of the preceding sentence, the "actual amount" of a benefit or payment as otherwise determined is the amount of such benefit or payment as determined under the provisions of title II of the Social Security Act (other than section 215(a)(3)) and without regard to this section, before any offsets and before the application of section 202(i) and section 203 (b) through (l) but after the application of section 202 (k), (q), and (w) and section 203(a) of such Act.*

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after [May] *February* 1974 and prior to [January 1975,] *June 1974*, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after [May] *February* 1974 and prior to [January 1975] *June 1974*.

[(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a).]

(c) The increase in social security benefits provided by this section shall—

(1) not be considered to be an increase in benefits made under or pursuant to section 215(i) of the Social Security Act, and

(2) not [(except for purposes of section 203(a)(2) of such Act, as in effect after May 1974)] be considered to be a "general benefit increase under this title" (as such term is defined in section 215(i)(3) of such Act);

and nothing in this section shall be construed as authorizing any increase in the "contribution and benefit base" (as that term is employed in section 230 of such Act), or any increase in the "exempt amount" (as such term is used in section 203(f)(8) of such Act).

(d) Nothing in this section shall be construed to authorize (directly or indirectly) any increase in monthly benefits under title II of the Social Security Act for any month after [December] *May* 1974, or any increase in lump-sum death payments payable under such title in the case of deaths occurring after [December] *May* 1974. [The recognition of the existence of the increase in benefits authorized by the preceding subsections of this section (during the period it was in effect) in the application, after December 1974, of the provisions of sections 202(q) and 203(a) of such Act shall not, for purposes of the preceding sentence, be considered to be an increase in a monthly benefit for a month after December 1974.]

* * * * * * *

PART B—PROVISIONS RELATING TO FEDERAL PROGRAM OF SUPPLEMENTAL SECURITY INCOME

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 210. (a) Section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) are each amended by striking out "$1,560" and inserting in lieu thereof "$1,680".

(b) Section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted) are each amended by striking out "$2,340" and inserting in lieu thereof "$2,520".

(c) The amendments made by this section shall apply with respect to payments for months after [June 1974] *December 1973*.

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

SEC. 211. (a)(1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility for and the amount of the supplemental security income benefit payable to any qualified individual (as defined in subsection (b)), with respect to any period for which such individual has in his home an essential person (as defined in subsection (c))—

(A) the dollar amounts specified in subsection (a) (1)(A) and (2)(A), and subsection (b) (1) and (2), of section 1611 of such Act, shall each be increased by [$840] [*$876* ($780 in the case of any period prior to July 1974)] for each such essential person, and

(B) the income and resources of such individual shall (for purposes of such title XVI) be deemed to include the income and resources of such essential person;

except that the provisions of this subsection shall not, in the case of any individual, be applicable for any period which begins in or after the first month that such individual—

(C) does not but would (except for the provisions of subparagraph (B)) meet—

(i) the criteria established with respect to income in section 1611(a) of such Act, or

(ii) the criteria established with respect to resources by such section 1611(a) (or, if applicable, by section 1611(g) of such Act).

* * * * * * *

DISSENTING VIEWS OF HON. MARTHA W. GRIFFITHS

Optional Pass-Along of Increases in Supplemental Security Income (SSI) to Recipients of State Supplementary Payments

As Federal legislators, I believe our role is to determine the priorities with which Federal tax dollars should be spent on meeting the needs of the low-income aged. Enacting a basic Federal payment under SSI was an acknowledgement that the old approach was wrong. We found that putting Federal welfare dollars on the stump and letting States claim various amounts, depending on their fiscal capacity and their generosity, resulted in benefits varying much more than State cost-of-living differences, with some levels disturbingly low.

And so we establish SSI as a national program with a uniform basic benefit level to be fully funded by the Federal Government. The objectives and advantages of the new approach were to reduce the drastic differences in benefits now paid by States and to reduce State costs in most States. Federal dollars would go to the neediest individuals in the country and would reduce costs for the neediest States. We said, in effect, that meeting the minimal needs of our aged, blind, and disabled is a Federal responsibility. And we specifically ended Federal matching of State benefits.

But we did not feel we could arbitrarily turn our backs on States that had already set higher benefit levels and thus had substantial State expenditures on welfare. So, under SSI we adopted a "hold harmless" provision. This provision ensures that States can continue to pay benefits at about the levels they were paying in 1972 and not suffer higher welfare costs than they incurred in 1972. States were specifically to be protected against higher caseloads, but benefit increases were to be their own responsibility. The basic premise was that a federally funded program would take over the major cost and that States would be protected against increased costs if they wanted to maintain their present levels. If States wanted to be more generous in the future, they were free to increase State benefits at their own cost. If the Federal floor were raised in the future, this would increase the benefit level for the poorest and would take over some of the costs in States which supplement the basic benefit. This would result in additional savings in these States and in a more equitable Federal program by reducing further State differences.

Now we are proposing to start SSI benefits with a higher benefit level than originally planned. This would result in more savings in most States which supplement to maintain current levels. It would reduce Federal "hold harmless" costs and begin to get the Federal Government out of the business of providing an extra bonus to high income States so they can maintain high payments.

But, we are also proposing to allow States to raise their benefit levels by the amounts of the SSI increase and still come under the "hold

harmless" provision—that is, for as many as 10 States, to allow them to raise their benefits at Federal expense. This would be a departure from the very principles which SSI established—namely, that the role of the Federal Government in financing welfare for those groups is through the basic Federal payment. The optional pass-along provision puts us back into the business of financing variable benefits, instead of focusing on making the Federal benefit more adequate. This is not a "pass-along," but a "match-along." But, whereas States had to pay about 50 percent of benefit costs in the past, under this provision 10 States could have a benefit increase without putting up any additional funds.

Let us look at the arguments raised in support of this match-along provision.

Argument No. 1. This provision will assure that all individuals will receive the benefit of our decision to raise SSI levels in January

This provision does nothing to insure that all SSI recipients in all States will receive an increase in their total income. Persons in States which supplement but are below their "hold harmless" levels will not necessarily see an increase in total income if these States do not use some of their savings from the SSI increase to increase their payment levels.

The basic SSI increase itself will raise the incomes of recipients in the States which do not supplement. But the match-along provision could help the recipients in only 9 or possibly 10 States: California, Hawaii, Massachusetts, Michigan, New York, Nevada, New Jersey, Pennsylvania, Wisconsin, and possibly Rhode Island.

Moreover, the SSI program will not go into effect until 1974. We have voted an increase before the program is operational. The argument that therefore every individual should receive $10 more and every couple $15 more in total income—regardless of whether and at what levels their States will supplement—does not seem logical. SSI and State supplementary payments are based on income need, and if people have higher income from other sources such as social security, they become less needy and their need-based payments can be reduced. An SSI or social security increase does not mechanically establish the fact that already higher State payment levels should be increased as well. For example, an increase from $195 to $210 a month under SSI does not automatically establish the fact that couples in California require $409 rather than $394.

Argument No. 2. The match-along provision will help the poorest people

This is not true. The match-along provision would offer financial protection against benefit increases to 10 States at most, and these are States with already high benefits. The provision would allow California to raise its payment amount for an aged couple from $394—about 176 percent of the poverty line—to $409 a month. It will allow Massachusetts to go from $340.30—about 152 percent of the poverty line—to $355.50; Wisconsin from $329—about 147 percent of the poverty line—to $344; and New York from $294.51—about 132 percent of the poverty line—to $309.51.

Most of these increases would be financed by the Federal Government. Without the match-along provision, the Federal Government could reduce its "hold harmless" payments to these States. With the provision, the Federal Government would not realize these savings, and the cost will be $300 million.

At the same time that we will be paying for $409 benefits in Califoria, couples in States such as Arkansas, Indiana, Montana, Ohio, Utah, West Virginia, Missouri, North Dakota, Texas, Wyoming, Delaware, and Georgia will be getting only the basic SSI benefit of $210 monthly. These differences are not justifiable on the basis of different costs-of-living. While there may be some such differences, these wide variations are even greater than differences in State standards of living. Thus, this provision will increase rather than decrease differences in the treatment of individuals, depending on where they live.

Argument No. 3. The cost of this provision is too negligible to worry about

The match-along provision will cost up to $300 million through 1975. This is a lot of money, although it may seem small compared to the way assistance programs have grown recently. But if we are feeling this generous, we should raise SSI benefits by $300 million to ensure that the neediest get this money.

Argument No. 4. Since this provision will apply only for 1 year, its effects are minimal

The tendency is to keep special provisions and protections once they have been established. If we accept this provision, not only is it likely to become permanent, but the precedent will be established for passing alone every future SSI increase.

Argument No. 5. The provision helps to pass along the social security increases in 1974

Both social security and SSI benefits will be increased twice in 1974. Yet a pass-along provision will apply to only the January 1974 SSI increase. It is impossible to understand why 10 States should be helped to increase their payment levels for only one of the four increases—the January 1974 SSI increase. It is likely that in all States the two social security increases will merely serve to reduce SSI payments to persons receiving both social security and SSI.

In summary, "hold harmless" protection should be limited to its original purpose—to protect States from caseload increases caused by the transition to a new Federal program with generally more liberal eligibility rules. We should not turn the clock backward to resume Federal matching of inequitable State welfare. We should concentrate on building a strong and fair basic program, and let State variations be the responsibility of State treasuries.

MARTHA W. GRIFFITHS.

MINORITY VIEWS OF HON. HERMAN T. SCHNEEBELI, HON. JOEL T. BROYHILL, AND HON. BARBER B. CONABLE, JR.

We feel obliged to put on the record our reservations about this bill. We commend the committee for at least taking the time to consider the issue of this social security increase, rather than simply accepting in conference social security amendments added by the other body that have not been considered by responsible committee action in the House. This has been a disturbing practice in recent years.

However, even here the committee has continued to follow the practice of providing large social security increases on an ad hoc basis without carefully analyzing the longrun impact on the social security system and on our economy as a whole. As a result of the pressures on us, we have again fallen into the trap of playing a numbers game rather than analyzing the pervasive economic consequences of our action. Too many people depend on the social security system for a large part of their personal security over the next 75 years for us to be comfortable with a cavalier or short-term political approach.

We recognize that inflation has been difficult to control and more rapid than we anticipated when we provided a 20-percent benefit increase in July of 1972. It was for this reason that Congress earlier this year provided a 5.9-percent increase in benefits payable next July as a downpayment on the first cost-of-living increase that would be due at the end of next year. We were also willing to provide an additional increase above the 5.9 percent at this time, and made every effort in the committee to develop a workable proposal.

In this connection, we offered an alternative to the committee bill providing a 10-percent increase in benefits payable beginning July 3 of next year, with an adjustment in the cost-of-living provisions that would have provided an additional 3-percent increase in benefits the following January. The Secretary of Health, Education, and Welfare indicated to the committee that he would be willing to recommend that the President sign this measure, and it was adopted by the committee earlier this week.

Despite extending ourselves, with real reservations, to the very limits of what would be fair to social security beneficiaries, to workers paying the tax, and to all other Americans, the committee succumbed to outside pressure and reversed its decision. We believe this was a mistake.

The procedure followed by the committee focuses myopically on politically popular across-the-board increases for all beneficiaries. The committee failed to consider alternative uses of program resources to provide greater equity in the benefit structure, such as improved benefits for working women who are paying a higher proportion of the benefit costs without a commensurate return.

The committee also failed to consider the severe impact on the budget in the current and succeeding fiscal year that the committee proposal will have. The committee bill would increase expenditures in fiscal 1974 by $1.115 billion and by $1.150 billion in fiscal 1975, for a 2-year total of $2.265 billion. The alternative we offered would have had a net fiscal impact in 1974 of $270 million, and in fiscal 1975 of $960 million, for a 2-year total of $1.230 billion. Thus, the committee proposal increases expenditures in fiscal 1974 by nearly $900 million over the alternative we offered, and in fiscal 1975 by nearly $200 million. During the 2 fiscal years, the committee bill provides more than $1 billion in budget outlays above the level our proposal involved.

The committee failed to recognize that inflation imposes a severe hardship on all of our citizens, including wage earners who are bearing the tax burden necessary to provide social security benefits. These taxpayers must not only bear the additional taxes imposed by this bill, but also shoulder the burden that may be imposed by the inflationary impact of faulty fiscal policy. The benefit increase should have been framed as we proposed to minimize a budgetary deficit in the immediate future. By sharply increasing Federal spending, we undermine our ability to control inflation. Increased inflation will erode the purchasing power of all Americans and impose a burden on every citizen.

We must remember that the social security program has provided economic security for Americans for more than one-third of a century. Presently, 99 million wage earners and 29 million beneficiaries look to the social security program for protection against the contingencies of old age, death, and disability, as well as for protection against medical expenses during retirement. Our commitment to them, and their legitimate expectations, require that we take every precaution to insure the financial integrity of the program, as well as adequate current benefits.

Yet, during the past 3 years, we have been too preoccupied providing benefit increases to conduct a careful review of the assumptions underlying the financing of our social security system. In the last Congress, an entirely new methodology for measuring actuarial soundness, incorporating "dynamic earnings assumptions," was adopted without the committee giving any consideration to the implications of these changes.

The committee bill provides for an imbalance of −0.51 percent of payroll. Our proposal would have had an imbalance of −0.48 percent and improved the long-range cost estimates of the program. While the difference is small, the committee bill is a bad precedent, and symbolic of the inadequate attention we have been giving to the financing aspect of the program.

The time for the committee carefully to review the financing of the social security system is overdue. It is urgent that in the near future we conduct a thorough and complete review of the assumptions underlying our actuarial projections in order to insure the integrity of the system in which so many have invested so much.

We urge the administration to assist the committee in taking a first step toward this goal by promptly appointing the members of the new Advisory Council on Social Security which the law provides shall be established during the current calendar year. We are hopeful that the

new Advisory Council will conduct a careful examination of the social security program, giving particular attention to the actuarial assumptions by which the soundness of the trust funds are measured, and to long-term trends.

There are other fundamental issues that the committee should consider in the near future while comprehensively reviewing our social security system. We need to define the appropriate role that social security should play in relation to other programs to alleviate poverty. When social security was originally established in the mid-thirties, it was designed as an insurance program, providing benefits as a matter of right that are related to the wages on which an individual pays OASDI taxes. The original social security law also included a completely separate Federal-State program of old-age assistance to provide for individuals whose income, including social security, left them in need of assistance.

This two-pronged approach was intended to serve a dual purpose: first, to enable individuals to provide for their own economic security through a social *insurance* system paying benefits as a *matter of right*, without regard to need; and second, to provide a *welfare* program providing assistance on the basis of *need*.

Throughout the years, we have added elements to the benefit structure that dilute the insurance basis of the program by incorporating "social adequacy" criteria. At the same time, we have continued to maintain a program of assistance to the elderly poor. This program was recently expanded to provide greater Federal participation and increased benefits, and the name of the program was changed from old-age assistance (OAA) to supplemental security income (SSI). If social security is to remain an insurance-based program with wage-related benefits payable as a *matter of right*, we must continue to make the distinction between social security and welfare. This will require strengthening the insurance aspects of the benefit formula and relying on supplemental security income to provide for those who are truly in need. We must avoid the temptation and real danger of blurring the distinction between those two programs. If social security is converted into just another welfare program, we will seriously jeopardize the basic concept of an insurance system paying wage-related benefits as a matter of right. This central feature of our social security program is one that must be maintained if we are to keep faith with the American people.

We also should understand that social security is not an efficient vehicle for welfare. While some poor people receive social security benefits, most of the increase in benefits (including that related to expansion of the wage base) goes to persons who do not live in poverty. Thus, to increase benefits for welfare reasons is to move against poverty in a wasteful way rather than to concentrate available fiscal resources where they are most needed. And welfare should be a burden for all taxpayers, not just wage earners.

We should also focus in the near future on the appropriate relationship between our social security program, and individual savings and private pension programs. Social security was originally intended as a floor of protection on which an individual could build an adequate program through individual savings and other private economic se-

curity measures. We have expanded the program considerably beyond the floor-of-protection concept, imposing in the process a substantial payroll tax on the American worker. We cannot continue this trend without carefully reviewing the impact further payroll tax burdens will have on the ability of the American worker to participate in individual savings programs and other private economic security measures.

Under the bill reported, an individual earning $10,000 a year will pay $585 in social security taxes and his employer will pay a like amount in his behalf. For the individual earning $13,200, the maximum taxable earnings in 1974 under the bill, the tax will be $772.20 for the employee and also for his employer. These are not wealthy individuals, and it is doubtful that they are able to save much in excess of this amount after meeting their Federal and State income tax obligations, and providing for the support of their families and the education of their children.

We must insure that future expansion of the program does not impose a payroll tax burden on these individuals so large that they are precluded as a practical matter from participating in private pension plans or saving on an individual basis.

The bill also increases the Federal benefits under the new supplemental security income (SSI) program taking effect next January, from $130 per month to $140 per month for an individual, and from $195 per month to $210 per month for a couple. These increases, effective in January, will be followed by an additional increase next July of $6 per month for an individual and $9 per month for a couple. This will bring Federal benefits as of next July to $146 for an individual, and $219 for a couple. These amendments help the truly needy and recognize the distinction that has historically been made between our insurance based social security system, paying benefits as a matter of right, and our public assistance program, paying benefits to those who are in need. While we have reservations about the need for the additional increase scheduled in July, we support the January increase.

The new SSI program replaces the categorical public assistance program for needy adults under which the Federal Government assisted the States in providing benefits at levels prescribed by each State. Under the old program, the Federal Government provided from 50 to 83 percent of the costs a State incurred in paying benefits to qualifying needy adults. Under the new SSI program, the Federal Government does not participate in the costs of State supplementary payments above the new Federal benefit levels. However, the Federal Government does assume all of a State's costs of supplemental payments which exceed its calendar 1972 share of the costs for covered needy adults, as long as State supplemental payments, when added to the SSI payment, are not in excess of the adjusted State payment standard in effect in January of 1972. Payments in excess of the 1972 standard must be made wholly from State funds.

The bill reported by the committee would extend this "hold harmless" provision to State supplemental payments in excess of their January 1972 payment standard as long as the excess is no more than the $10 and $15 increase in Federal SSI benefits provided by this bill.

The proposal would be effective only for calendar 1974, and would cost $100 million. We believe this is a mistake.

The SSI program establishes a basic payment to which each State may add a supplement, up to a level deemed appropriate by each individual State. This may be done in each State after reviewing economic factors in their State relevant to the needs of their citizens. It should also be done from State funds in view of the substantial fiscal relief they were provided when the Federal Government undertook greater responsibility for needy adults under the new SSI program, and in view of the $30 billion we are providing State and local governments under revenue sharing.

The committee bill encourages the States with the highest benefit levels to increase their own State standards at the expense of the Federal Government. Even if a State feels its benefit levels are already more than adequate, it will feel compelled to increase them if the Federal Government is picking up the tab. When the Federal Government is offering "free money" to citizens of a State, it is difficult for a State government to do anything other than pass on the benefits. The practical effect of the committee's action is to mandate an increase in State benefit levels.

We do not take consolation in the fact that the "pass through" is for only 1 year. Once the provision is on the books, it will be virtually impossible to remove, and it establishes a bad precedent for future adjustments in the new SSI program.

CONCLUSION

In summary, we differ with the committee on both substance and procedure. The committee proposal will have an adverse fiscal impact on the current and succeeding fiscal year that will make it more difficult to control inflation. The proposal we offered would have generously provided for the needs of social security beneficiaries while avoiding the danger of eroding the purchasing power of all Americans.

We also feel that the provisions in the committee bill encouraging some States to increase their welfare standards for needy adults for a 1-year period at Federal expense is a mistake. It interferes with the decisionmaking process which should be at the State level and at State expense. And it is foolhardy to expect that this provision of law will only last for 1 year.

Finally, we find serious fault with the procedural approach the committee adopted in considering this bill. We should not consider something as complex as a social security increase under severe time pressures imposed by political exigencies. Instead, we should allow sufficient time to carefully review the financing of the system, analyze alternative uses for resources of the system, and carefully evaluate the long-range effect on the social security system and American life of the proposals we adopt.

HERMAN T. SCHNEEBELI.
JOEL T. BROYHILL.
BARBER B. CONABLE, JR.

ADDITIONAL MINORITY VIEWS OF HON. BILL ARCHER

While I agree with many of the points expressed in the minority views, I have additional concerns that I want to specifically express. In the last 3 years, Congress has passed a series of benefit increases far in excess of the cost of living and has enacted pervasive changes in the financing of the social security system with little regard to the impact these measures have on present and future generations of Americans.

The social security program has provided economic security for nearly all Americans for more than one-third of a century. Hastily considered changes of the most fundamental nature can only undermine the protection against loss of income that those paying social security taxes rightly expect. The committee bill allows the system to drift like a leaf in the prevailing political winds. We should have taken the necessary time to develop an appropriate increase with due regard to the impact this has on other aspects of our social security program, particularly the financial integrity of the system. For the reasons discussed in these views, I believe the committee has acted without due regard to these consequences.

COMMITTEE HAS FAILED TO PROPERLY EVALUATE ACTUARIAL ASSUMPTIONS

Last July when the committee provided a 20 percent across-the-board benefit increase, dramatically different assumptions were adopted in measuring the actuarial soundness of the OASDI program. The most significant of these changes involves the assumption of "dynamic earnings." Under this assumption, the actuaries make projections about future earnings levels throughout the entire 75-year period covered by the estimates. The uncertainties of these estimates and other economic projections subject the cost estimates to vicissitudes that the actuaries have not had to deal with in the past.

The change to dynamic earnings did not raise anyone's taxes at all, but the consequences of making these assumptions increased projected income beyond estimated increased disbursements, and enabled the Congress to provide a 20-percent benefit increase without the pain of imposing additional taxes.

The new methodology is complex and not without controversy. The former Chief Actuary of the Social Security Administration, Robert J. Myers, who has more experience with the system than any other living human being and is widely regarded as one of the foremost actuarial experts on social security, stated that "This would be an unsound procedure...." He went on to state:

> What it would mean, in essence, is that actuarial soundness would be wholly dependent on a perpetually continuing inflation of a certain prescribed nature—and a borrowing from the next generation to pay the current generation's

benefits, in the hope that inflation of wages would make this possible.

In view of this admonition by a leading expert who has devoted his whole life to the program, the Ways and Means Committee and the House of Representatives should have carefully examined these new assumptions before adopting them in order to provide benefit increases. The Ways and Means Committee last year did not look into the matter at all. The new assumptions were adopted in connection with a social security increase added by the other body as a nongermane amendment to a public debt bill and promptly adopted by the House when it acted on the conference report.

In view of this record, the committee should have carefully examined these new assumptions before providing an additional benefit increase. However, the committee reported this bill without even giving cursory attention to the new methodology. During the course of our executive sessions, I asked the following questions of the present actuary with primary responsibility for OASDI cost estimates:

> Mr. ARCHER. * * *
>
> Do you agree as a chief actuary that the change to dynamic earnings was a significant and fundamental change in the actuarial methodology employed in measuring the soundness of the program?
>
> Mr. BAYO. Yes, I agree that it has been a fundamental change in the methodology of the long-range costs of the social security program.
>
> Mr. ARCHER. * * *
>
> Now is it more difficult to make estimates on the new basis than it was in the past?
>
> Mr. BAYO. Yes. As far as the economic assumptions go it is more difficult to prepare the cost estimates . . . .
>
> * * * * * * *
>
> Mr. ARCHER. Are the estimates on the basis of dynamic earnings less precise or to put it another way, subject to wider variations on the basis of actual experience than in the past?
>
> Mr. BAYO. Yes, sir, they are.
>
> Mr. ARCHER. Specifically, do you feel that the 10 percent tolerance for imbalances in the past should be expanded and if so, by how much?
>
> Mr. BAYO. I feel that the 10 which was based on the level of variability on the previous method of estimating the cost should be increased to a wider range, around 5 percent.

The record before the committee, therefore, made clear that the new methodology represents "a fundamental change," that "it is more difficult to make estimates on the new basis than in the past", and that estimates are now "subject to wider variations on the basis of actual experience." Despite these statements made to the committee, we did not even give cursory attention to the implications of this new methodology.

The record of cost estimates since the new methodology was adopted illustrates the wide range of error that cost estimates are now subject

to even in the very short range. After adopting the 20-percent increase last July and enacting significant amendments in the program in connection with H.R. 1 last fall, the OASDI system was in actuarial balance—.00 percent of payroll. When the trustees' report was filed earlier this year, the fund was already out-of-balance −.32 percent and this was increased to −.42 percent when we enacted the 5.9 percent benefit increase in connection with Public Law 93–66 earlier this year. When the committee recently began considering the subject of a social security increase, a pamphlet was prepared on October 30, showing the OASDI program to be out-of-balance by −.68 percent. A few days later, we were given another estimate indicating that the program was out-of-balance by −.76 percent of payroll. This experience concretely demonstrates the validity of the actuaries' assertion that estimates are now much more difficult to make and much less precise.

In the past, it was assumed that actual experience would vary from the estimates by no more than 1 percent of the level costs of the system, equivalent to about .12 percent of payroll in recent years. The actuaries tell us that under the new methods, actual experience will vary by as much as 5 percent of the projected level costs of the system, equivalent now to about .57 percent of payroll. In view of the imprecision of the new methodology, the committee should err even more on the conservative side to guard against down side risks.

Despite this, the committee has made it clear that while 1 percent was as much of an imbalance as could be tolerated in the past, they will now tolerate an imbalance of 5 percent. Put another way, although the estimates are subject to experience variations five times as great as in the past, the committee will now tolerate a deficit in the system five times as great as in the past.

In addition to adopting the wider tolerances in spite of the uncertainty attending the new methodology, the committee assumed throughout its deliberations that funding would be established on the bottom side of the range, or around −.57 percent of payroll. The difference between +.57 percent of payroll and −.57 percent of payroll is more than 1 percent of payroll—10 percent of the cost of the system. In view of the wide range involved and the contingencies the estimates are subject to, the prudent course would have been to allow a margin for error and finance the system at +.57 percent of payroll. Instead, the committee bill leaves the system with an actuarial imbalance of −.51 percent.

This imbalance involves astronomical dollar figures over the 75-year estimating period. The −.51 percent imbalance alone is estimated to result in a deficit of $225 billion over 75 years. If experience varies by −.57 from this projection, as the actuaries say it may, the projected imbalance would increase to 1.08 percent of payroll—nearly 10 percent of the costs for the system. This imbalance would be equivalent to one-half trillion dollars over the 75-year estimating period.

Another aspect of the new methodology involves a shift to current cost financing. This foregoes a large build up of funds in early years that would provide interest earnings to the fund. Under current cost financing, which was recommended by the last Advisory Council, assets in the trust fund should be equal to about 1 year's benefit. In

explaining their recommendation for current cost financing, the Advisory Council stated:

> To carry out this recommendation, the contribution rate charged should be sufficient only to result in trust funds equal to approximately 1 year's benefit expenditures, and the law should be changed to require the boards of trustees to report immediately to the Congress whenever it is expected that the size of any of the trust funds will fall below three-quarters of the amount of the following year's estimated expenditures, or will reach more than 1¼ times such expenditures. The trustees should be responsible for proposing changes that would keep the trust funds at the recommended level.

Despite this, the ratio of assets to the following year's benefit disbursements in the OASDI trust funds under the committee's bill is expected to decline steadily from 72 percent in 1974 to 62 percent in 1978. Although the Advisory Council recommended that the trustees warn Congress if benefits were to fall below three-quarters of 1 year's benefit, the committee has in this bill provided a benefit and tax schedule which will result in assets declining to below two-thirds of 1 year's benefit within the next few years.

When the Congress adopted dynamic earnings assumptions and current cost financing last year, it was stated that the funds should be allowed to gradually build up to equal one year's benefit disbursements. Despite this, only a year later, the committee has now taken action that will reduce the ratio to 62 percent.

In view of the procedures I have outlined, I do not believe the committee has taken the time to conduct a review of the financial integrity of the system. I agree with the minority views that the committee should conduct a thorough review of the program at the earliest opportunity, giving particular attention to financing.

CUMULATIVE INCREASES IN RECENT YEARS IMPOSE LARGE BURDEN ON THE WORKING MAN

Since January 1, 1970, social security benefits have been increased by 51.8 percent. During the same period, the Consumer Price Index has increased by 19.6 percent. When the 11-percent increase becomes effective next June, benefits will have been increasd since January 1970 by 68.5 percent. It is estimated that during this period, the Consumer Price Index will have increased by 24.4 percent.

I am concerned that the cumulative increases in recent years, combined with the increase proposed in this bill, are setting a pattern for social security increases that will substantially augment the already heavy payroll tax burden the American worker is carrying. The wage base will be increased under this bill to $13,200 effective next January 1, and tax increases are also proposed for future years. A worker with $10,800 annual earnings—the current wage base—is now paying a payroll tax of $631.80 per year. Next January 1, when the wage base is raised to $13,200, an individual earning the maximum taxable earnings will pay a tax of $772.20 per year, an increase of $140.40. This is a very heavy burden on a worker attempting to support his family and educate his children.

The increase in the wage base that will take effect next year appears at first blush to affect only a small number of workers who are earning more than the present wage base of $10,800. However, with today's earnings levels and prices, this is not a great deal of money and 20.5 million wage earners will receive a tax increase when the wage base is increased next year.

Additionally, it must be remembered that the employer must also pay a tax equivalent to that levied on the employee into the trust fund for the employee's benefit. It is generally agreed that the economic incidence of this tax falls on the employee, since it increases the employer's costs attributable to the employee and uses up resources that would otherwise be available to pay wages. The combined employer-employee tax at the maximum wage base next year will be $1,544.40. The tax burden imposed directly and indirectly on an employee is, therefore, substantial and we must be concerned about it.

I also want to emphasize that the tax is not simply a burden on individuals earning the maximum taxable wage. Data show that the social security employee tax alone is larger than the income tax imposed on a man with a wife and two children at all income levels up to $7,073.89. If the employer's tax, which the employee indirectly pays, were included, this figure would be substantially higher.

I believe it is unfair to rely so heavily, particularly in the near future, on increases in the wage base. Under present law, the wage base is scheduled to increase from $10,800 to $12,600. The committee bill raises the wage base next year to $13,200. This means that the 14.4 million workers earning more than $12,600 will be shouldering a disproportionately large share of the cost to finance the benefit increase provided. The 1.5 million workers who earn between $12,600 and $13,200 will bear the heaviest burden. When we realize there will be 100 million covered workers next year and 30 million beneficiaries, this is inequitable.

Although I recognize the need to periodically increase benefits to protect beneficiaries against inflation, these are hard facts that must be weighed heavily in connection with future increases that we may consider. If we consider the burden we are imposing on today's workers, we will stop postponing the automatic benefit increases provided in the law and let the escalator clause begin working. By postponing the operation of this provision, the committee creates the danger that benefits will be continually increased on a political basis rather than a cost-of-living basis.

THE RETIREMENT TEST SHOULD BE ELIMINATED

The retirement test in present law diminishes an individual's social security benefits for any month in which he earns more than $175, if his earnings for the year exceed $2,100. This reduction in benefits is a deterrent to older workers who desire to remain economically productive during their retirement years. It not only imposes a penalty on the individual, but on society as a whole by depriving the economy of the services of many industrious and skilled people.

This provision in one form or another has been in the law since the program was enacted in the middle thirties. At that time, we were re-

covering from a great depression and unemployment was widespread. One of the reasons for including the provision was the need to insure that younger people would be able to find employment. Under present economic circumstances, this argument is no longer valid.

If individuals pay into the system all of their lives in order to receive wage-related benefits as a matter of right when they retire at age 65, they should receive these benefits and not be penalized because of the individual life style they prefer to follow in their later years.

I realize that the fiscal impact of repealing the retirement test is significant, and action to achieve this goal must, therefore, be taken consistent with fiscal responsibility. However, I point this out in order to call attention to the need to give this item a high priority in utilizing future resources.

ADDITIONAL CONCERNS

I share the concern expressed in the minority views that we must strengthen the insurance basis of the system if it is not to simply become another welfare program. This would be a tragedy to millions of Americans who pay social security taxes during their working years with the expectation that they will receive benefits as a matter of right when they retire.

I also share the concern expressed in the minority views that the increasing expansion of social security may unduly impinge on private economic security measures. Social security is an important part of the retirement plans of nearly all Americans, but they should remain free to express individual preferences about current consumption and savings. And when they choose to save they should have alternatives to a compulsory government program.

PASS THROUGH

I also want to align myself with the opposition expressed in the minority views to the provisions of the committee bill that would apply the "hold harmless" provisions of existing law to increases in State welfare standards applicable to needy adults. The States should be free to select their own benefit levels based on conditions prevailing in each State. They should not be coerced by the Federal Government into expanding their systems beyond what they deem prudent. It is a mistake to require the citizens of one State to pay Federal taxes to provide increases in benefit levels in another State which may already be unreasonably high.

BILL ARCHER.

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Union Calendar No. 273

93D CONGRESS
1ST SESSION

H. R. 11333

[Report No. 93–627]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1973

Mr. ULLMAN introduced the following bill; which was referred to the Committee on Ways and Means

NOVEMBER 9, 1973

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201 (a) (1) of Public Law 93–66 is amended by striking out "payable under title II of the Social Security Act" and all that follows and inserting in lieu thereof the following: "payable under sections 202 and 223 of the Social Security Act, and each benefit amount

specified in sections 227 and 228 of such Act, by a dollar amount equal, in the case of any benefit or payment, to 7 per centum of the actual amount of the benefit or payment as otherwise determined (adjusted to the next higher multiple of $0.10). For purposes of the preceding sentence, the 'actual amount' of a benefit or payment as otherwise determined is the amount of such benefit or payment as determined under the provisions of title II of the Social Security Act (other than section 215(a)(3)) and without regard to this section, before any offsets and before the application of section 202(i) and section 203(b) through (l) but after the application of section 202(k), (q), and (w) and section 203(a) of such Act.".

(b) Section 201(a)(2) of such Act is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of such Act is repealed.

(d) Section 201(c)(2) of such Act is amended by striking out "(except for purposes of section 203(a)(2) of such Act, as in effect after May 1974)".

(e) Section 201(d) of such Act is amended by striking out "December 1974" each place it appears in the first

sentence and inserting in lieu thereof "May 1974", and by striking out the second sentence.

(f) (1) Section 215(a)(3) of the Social Security Act is amended by striking out "$8.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
"	$16.20	$84.50		$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.80
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
21.29	21.88	98.10	90	90	108.90	163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.09	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
$26.95	$27.46	$121.40	$114	$118	$134.80	$202.20
27.47	28.00	123.30	119	122	136.90	205.40
28.01	28.68	125.10	123	127	138.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.66	128.80	133	136	143.00	214.60
29.69	30.26	130.60	137	141	144.90	217.40
30.37	30.92	132.60	142	146	147.10	220.70
30.93	31.36	134.30	147	160	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.80
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	184	188	165.20	247.80
36.41	37.08	160.90	189	193	167.50	251.40
37.09	37.60	152.70	194	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.68	158.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.60	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.88	172.70	245	249	191.70	292.10
44.89	45.60	174.80	250	253	194.10	296.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	303.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		240.30	418	421	266.80	493.60
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.20
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.30	516.50
		250.60	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$260.90	$474	$478	$289.60	$535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.90
		286.80	544	548	318.40	576.80
		288.40	549	553	320.20	579.80
		290.10	554	556	322.10	581.50
		291.50	557	560	323.60	583.90
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.90
		300.60	578	581	333.70	596.10
		302.20	582	584	335.50	597.90
		303.60	585	588	337.00	600.30
		305.30	589	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.30	603	605	345.60	610.30
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		320.40	624	627	355.70	623.20
		321.90	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	646.70
		334.10	661	665	370.90	649.10
		335.30	666	670	372.20	651.40
		336.50	671	675	373.60	653.70
		337.70	676	680	374.90	656.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.50	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.50	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	393.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	395.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20
		364.50	796	800	404.60	708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00

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"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$367.50	$811	$815	$403.00	$714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.20	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.80	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	875	421.20	737.30
		380.50	876	880	422.40	739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	424.60	743.10
		383.50	891	895	425.70	745.10
		384.50	896	900	426.80	747.00
		385.50	901	905	428.00	749.00
		386.50	906	910	429.10	750.90
		387.50	911	915	430.20	752.90
		388.50	916	920	431.20	754.70
		389.50	921	925	432.40	756.70
		390.50	926	930	433.50	758.60
		391.50	931	935	434.60	760.60
		392.50	936	940	435.70	762.50
		393.50	941	945	436.80	764.50
		394.50	946	950	437.90	766.40
		395.50	951	955	439.10	768.40
		396.50	956	960	440.20	770.30
		397.50	961	965	441.20	772.30
		398.50	966	970	442.40	774.20
		399.50	971	975	443.50	776.20
		400.50	976	980	444.60	778.00
		401.50	981	985	445.70	780.00
		402.50	986	990	446.80	781.90
		403.50	991	995	447.90	783.90
		404.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.50
			1,006	1,010	451.00	789.30
			1,011	1,015	452.00	791.00
			1,016	1,020	453.00	792.80
			1,021	1,025	454.00	794.50
			1,026	1,030	455.00	796.30
			1,031	1,035	456.00	798.00
			1,036	1,040	457.00	799.80
			1,041	1,045	458.00	801.50
			1,046	1,050	459.00	803.30
			1,051	1,055	460.00	805.00
			1,056	1,060	461.00	806.80
			1,061	1,065	462.00	808.50
			1,066	1,070	463.00	810.30
			1,071	1,075	464.00	812.00
			1,076	1,080	465.00	813.80
			1,081	1,085	466.00	815.50
			1,086	1,090	467.00	817.30
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80."

(b) Sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" and "$29.00" each place they appear and inserting in lieu thereof "$64.40" and "$32.20", respectively.

(c) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202 (i) of such Act in the case of deaths occurring after such month.

(d) Section 202 (a) (3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (i) of section 215 (i) (1) (A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 in each year after 1974, or".

(b) Clause (ii) of section 215 (i) (1) (B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and".

(c) Section 215 (i) (2) (A) (i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975".

(d) Section 215 (i) (2) (A) (ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year"; and

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of sections 203(f)(8), 215(i)(1)(B), and 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j)(1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the

calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month of the calendar year" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the cal-

endar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).".

(2) Section 203 (f) (8) (B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215 (i) (1) (A)) in such year".

(3) Section 203 (f) (8) (C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215 (i) (3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a) (1) Section 210 (c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211 (a) (1) (A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611 (a) (1) (A) and section 1611 (b) (1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each

amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611 (a) (2) (A) and section 1611 (b) (2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211 (a) (1) (A) of Public Law 93-66 (as amended by subsection (a) (2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

(c) Section 401 (b) (1) of the Social Security Amendments of 1972 is amended—

(1) by striking out "and" at the end of clause (A),

(2) by striking out the period at the end of clause (B) and inserting in lieu thereof ", and"; and

(3) by adding immediately after clause (B) the following new clause:

"(C) in the case of months in the calendar year 1974, the amount by which supplemental security income benefits of the type involved were increased by section 210 of Public Law 93-66, as amended by section 4 (a) (1) of the law which added this clause.".

INCREASE IN EARNINGS BASE

SEC. 5. (a) (1) Section 209 (a) (8) of the Social

Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(c)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(h)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out

the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof $13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973.

The amendments made by subsection (a) (4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92–336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93–66.

CHANGES IN TAX SCHEDULES

SEC. 6. (a) (1) Section 3101 (a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111 (a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b) (1) Section 1401 (b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the

tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101 (b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111 (b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is

amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b) (1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201 (b) (1) of the Social Security Act is amended by striking out "(E)" and all that follows down through "which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1,

1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201 (b) (2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment

income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

Union Calendar No. 273

93D CONGRESS
1ST SESSION

H. R. 11333

[Report No. 93–627]

A BILL

To provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

By Mr. ULLMAN

NOVEMBER 7, 1973

Referred to the Committee on Ways and Means

NOVEMBER 9, 1973

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

SOCIAL SECURITY BENEFITS INCREASE

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11333) to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11333, with Mr. DINGELL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Oregon (Mr. ULLMAN) will be recognized for 1½ hours and the gentleman from Virginia (Mr. BROYHILL) will be recognized for 1½ hours.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself 20 minutes.

(Mr. ULLMAN asked and was given permission to revise and extend his remarks.)

Mr. ULLMAN. Mr. Chairman, the purpose of H.R. 11333 is to provide increased payments for social security beneficiaries and needy aged, blind, and disabled adults who will start receiving payments under the new Federal supplemental security income program—SSI—which will go into operation at the beginning of 1974.

As recently as last July legislation was approved to increase the benefits of these same individuals. Public Law 93-66 enacted in July of 1973 would provide a 5.9-percent cost-of-living increase applicable only to social security benefits payable for June 1974 through December 1974. This benefit increase was enacted as an advance payment of a portion of the first automatic benefit increase which would be in effect for January 1975.

Let me say that this bill relates to two separate programs. One is the social security program, and the other is the supplemental security income program which Members will recall was enacted in 1972 to replace the Federal-State grant-in-aid program for the aged, the blind, and the disabled. In Public Law 93-66 this year we also provided for some additional payments in SSI recipients. Under the original law the new SSI program would go into effect in January, but earlier this year we provided for an increase in SSI payments that would go into effect in July of 1974.

What we are doing in that respect in this bill is stepping up the time for these increases from July of 1974 to January of 1974. Remember, these are for the aged, the blind, and the disabled. This is the supplemental security income program. I will in a few minutes point out the problem in connection with that program as it relates to State supplemental payments which create some difficulty, and I will point out how I think we properly have solved it in this bill.

The second measure that this bill relates to is of course the cost-of-living increases in the social security system which were to have gone into effect on January 1 of 1975 but concerning which earlier this year we provided a special 5.9-percent-benefit increase effective in July of 1974. What we are doing in this legislation is moving that increase on up to the earliest possible date when it can be put into effect, and that is March of this year, payable in the April checks.

Since the enactment of Public Law 93-66 early in July the cost-of-living index, particularly those elements which have the greatest effect on individuals not in the labor force, such as the price of food, has risen more rapidly than at any time since the post-World War II period. This is why we are here before the House today.

Note this: In the 3 months time, July, August, and September, the index has risen at a seasonally adjusted annual rate of 10.3 percent and the food component of the index has risen at a seasonally adjusted annual rate during those 3 months of 28.8 percent. This is the most phenomenal increase in the cost of food that any of us has experienced in our time and this is the reason we are here to try to relate that cost of living to the benefits that are received by the aged under these programs.

It is evident, therefore, that Congress should act now both to provide assurances to beneficiaries that the social security and supplemental security income programs are responsive to changing needs by improving benefits as quickly as possible and also to maintain confidence in the fiscal integrity of the social security system by improving the actuarial soundness of the program.

I believe it is extremely important that we keep the social security program actuarially sound and in this measure we have taken the necessary steps to bring the program back into actuarial soundness, so that we can go home to our constituents and explain to them that the social security fund is on a sound basis.

The committee's bill would provide for a flat 7 percent social security benefit increase for March, 1974, which will be reflected in the checks received early in April, which would be a partial advance payment of a permanent 11 percent benefit increase effective for June, 1974, reflected in the checks payable early in July.

Let me explain why the committee chose to make the first part of the increase in social security benefits effective for March. I just will explain that this is absolutely the earliest possible date that even a flat increase could be put into effect, according to the testimony presented to our committee by the Social Security Administration experts.

The Social Security Administration informed the committee that it did not have the ability to implement the new SSI program and at the same time recompute the benefits of all social security beneficiaries in the manner that social security benefit increases have been made in the past, which is on a so-called refined or precisely exact basis, and to reflect such a benefit increase in the checks received by social security beneficiaries prior to the checks issued in May, issued May 3, 1974.

Mr. Chairman, at this point I will insert into the RECORD a statement prepared by the Social Security Administration explaining why it would not be possible to include a social security benefit increase in social security checks prior to April 1974:

WHY IT ISN'T POSSIBLE TO PAY A SOCIAL SECURITY BENEFIT INCREASE IMMEDIATELY

Given the fact that the Social Security Administration employs tens of thousands of workers and is one of the world's largest users of computers, it would seem, on the surface, that it would be a simple matter to include any benefit ingrease in the very next check following a decision by the Congress and the President to provide the increase.

As it turns out, it is a difficult and time-consuming task—one that requires a great deal of planning and preparatory work. While computers can calculate benefit increases very quickly, preparing them to make those calculations is a very complex undertaking. The complexity also limits the number of people who can be assigned to this work at any given time. Following are some of the reasons why the process takes so much time.

The computers can easily be used for the relatively chore of multiplying current benefits by the rate of the increase for less than half of the 29 million beneficiaries who receive checks each month.

For the remaining beneficiaries—some 17 million people—the computers must be programmed to apply a vast number of complex rules required to increase the amount of a person's check correctly. For example, a complex calculation is required for beneficiaries who retired before age 65, and for those who are widows.

Last year, the Social Security Act was amended to include many changes which greatly complicate benefit calculations and increase the number of variables that must be taken into account. Computer programs and payment systems are still being revised

to work those legislative changes into the system. These changes have rendered useless computer programs and special systems used by the Social Security Administration to execute previous benefit increases.

Last year's Social Security Amendments also authorized a new Federal Supplemental Security Income program calling for the Social Security Administration to begin making cash assistance payments to some 6 million needy aged, blind, and disabled people in January 1974. This new program adds a significant workload for the Social Security Administration. The requirement to install the Supplemental Security Income program and to increase social security benefits at the same time complicates both processes—particularly because the two programs affect each other and must be carefully coordinated.

The combination of all of these factors makes the preparation required to correctly increase 29 million social security checks more difficult than ever before. The best estimate of the Social Security Administration is that the complete process, from beginning of planning to delivery of an increased benefit check, will require about 6 months.

Following is a summary of some of the steps that are required to complete preparations, calculate the increase, and deliver a higher check to social security beneficiaries:

Step 1. The planning for and preparation of new computer programs and changes in the check processing system require about 12 weeks.

Step 2. Testing and checking these programs and systems changes require another 2 weeks.

Step 3. A master benefit record must be kept on the 29 million people now receiving checks. Correct benefit payments cannot be made unless it is maintained and updated accurately. Thus, the new computer programs and systems changes must be tested to be certain that they do not produce errors in the master benefit record. This step is very important, otherwise future benefits could be in error, to the disadvantage of millions of social security beneficiares. This step takes another 2 weeks.

Step 4. The actual process of updating the master file and calculating the benefit increase then takes place. It is this step that produces a massive computer tape which will be used by the Treasury Department as a basis for writing the benefit checks themselves. This step takes about 5 weeks.

Step 5. Using the tape prepared by the Social Security Administration, the Treasury Department prepares the actual checks—over 29 million of them. This requires about 3 to 4 weeks. The process of preparing regular monthly social security checks goes on routinely, month in and month out. Three weeks out of every month is always devoted to Treasury processing.

Step 6. The checks are mailed by the postal service. This is the quickest step. It only takes about 3 days.

To carry out all these steps takes about 6 months.

The Social Security Administration is anxious to deliver proper checks, including new benefit amounts, at the levels authorized in law—as quickly and as accurately as possible. Benefit increases have occurred with some frequency during recent years, and the Social Security Administration has gained a great deal of experience in preparing for and dealing with them. In the case of past benefit increases, SSA has begun a number of the required steps even ahead of actual changes in the law, in anticipation of final action by the Congress. In other words, the agency has anticipated the changes and thus reduced the elapsed time between final enactment of the benefit increase and the delivery of the check. However, it can begin its work only as soon as there is reasonable assurance of what the Congress intends to do. Assuming the Congress will complete its action by December 1, the above schedule would result in the delivery of accurately computed benefit increase checks in May of 1974—at the earliest.

POSSIBILITY OF A FLAT "UNREFINED" INCREASE

The above process can be speeded up if the law authorizing the benefit increase calls for a simple multiplication of the current benefit for each and every beneficiary by the percentage increase. In other words, by ignoring all the variables that now exist for more than 17 million beneficiaries, the process can be shortened. On this basis, a benefit increase can be paid in the April check. However, such an unrefined increase would mean that about 12 million people would receive an amount somewhat lower (usually about $1) than they would receive under a refined increase. Nevertheless, these people would receive more than they now receive.

Under this kind of arrangement, it would be necessary later to refine all the records and calculate all the variables for 17 million people in order to begin paying checks in the correct monthly amount.

With respect to the 7-percent benefit increase payable for March through May of 1974, the reported bill therefore provides for a simplified benefit increase. When the full 11 percent goes into effect in June, payable in July, it will be a "refined" 11 percent; so at that time the increases will be in full conformity with all the complexities and technicalities of the social security law and will be precisely accurate for all classes of beneficiaries.

Let me turn now to the financing, because I believe this is extremely important. The bill would also bring the long-range actuarial deficit of the system within acceptable limits by increasing the annual amount of earnings subject to tax and creditable for benefits and by making adjustments in the social security tax schedule.

Let me tell the Members here that until 1981 there will be no increase of rates in the combined social security and hospital insurance tax schedules. There will be some adjustment between the HI portion and the social security portion, which I also will explain. However, the bill would raise the social security taxable wage base for calendar year 1974 from $12,600 to $13,200.

The adjustments in the social security tax rates, as I have indicated, involve increases in the tax rates on a long term basis to provide additional funds for this social security cash benefit program and decreases in the tax rate for the hospital insurance program. There will be no increase, as I have indicated, in the total tax rate when we combine the tax rates of both of these programs until 1981. At that time there would be a $.15-percent increase in the total tax rate involving an increase from 6.15 percent to 6.30 percent at that time, in 1981. There would also be an increase in the total combined tax rate in subsequent years. Mr. Chairman, at this point I will insert in the RECORD memorandums prepared by the office of the actuary relating to the financial soundness of the Social Security System as modified by H.R. 11333, and also a table setting forth social security tax rates under the present law and as they would be modified by the committee bill. These matters are covered very carefully in the committee report, and I would recommend these tables to the attention of the Members.

GENERAL MEMORANDUM

From: Francisco Bayo, Deputy Chief Actuary, SSA.

Subject: Margin of Variation in the Long Range Actuarial Balance of the OASDI System.

Historically, there has been a range or margin of variation that has been regarded as acceptable in the financing of the OASDI system. The margin has been predicated mostly on the basis that the actuary cannot project future costs with exact precision and partly on the fact that the tax rates are rounded to the nearest 0.10 percent of taxable payroll.

In the early 1960's, it used to be that the system would be considered in actuarial balance if the deficit (or surplus) was not over 0.30 percent of taxable payroll. This permissible margin of variations was later reduced to 0.10 percent of taxable payroll, when the 1965 Advisory Council recommended that the estimates be prepared over a 75-year period rather than over perpetuity. The change to a shorter period of valuation brought more certainty into the cost projections. The latest Advisory Council recommended that the estimates be based on increasing earnings and benefits assumptions rather than the static ones that had been used in the past. The projection of costs on the basis of possible future increases in wages and in Consumer Price Index makes the long-range cost more uncertain and, therefore, subject to a wider margin of variation. This new margin of variation could be established at a relative level of about 5 percent of the cost of the system, or at about 0.57 percent of taxable payroll for the present OASDI system.

The bill reported out by the Ways and Means Committee, H.R. 11333, has an actuarial balance of −0.51 percent of taxable payroll, and it is within a permissible margin of 5 percent of the cost of the system.

The present system has an actuarial balance of −0.76 percent of taxable payroll, which is outside the permissible range of variation. However, the Ways and Means Committee bill provides for an improvement in the financing of about ¼ of one percent of taxable payroll, thus bringing the system into closer actuarial balance.

Ideally, the preferred financing would yield an exact actuarial balance, that is, no long-range deficit or surplus, but due to the variations in future cost and to the rounding of the tax rates, a margin of deficit or surplus is acceptable.

FRANCISCO BAYO.

GENERAL MEMORANDUM

NOVEMBER 13, 1973.

From—Francisco Bayo, Deputy Chief, Actuary, SSA.

Subject—Financial Soundness of the Social Security System.

The financial or actuarial soundness of the Social Security system is generally established on the basis of the long-range cost of the system. This is done by comparing the average-cost of the system over 75 years into the future with the average tax collections that are expected over the same period. If in this comparison the costs and taxes are close to each other (no more than 5 percent apart), the system is regarded as being financially sound.

As examples of the above, it could be indicated that the present Social Security system needs additional taxes in order to be actuarially sound, since the tax collection projected under present law falls short by about 7 percent of projected cost. On the other hand, the bill reported out a few days

ago by the House Committee on Ways and Means, H.R. 11333, can be regarded as financially sound since there is a difference of only 4 percent between the projected taxes and the projected costs. This bringing of the Social Security system back into actuarial soundness is a result that the Committee wanted to accomplish in the bill.

In a program like the Social Security system, there is no need to keep on hand enough funds to pay for all future benefits. The test is whether all future income, in addition to the funds on hand, would come close to covering all future outgo. It is, however, important (but not essential) that the funds on hand increase during the early years, i.e., that the use of the present funds to pay benefits in the near future should be avoided. Under the bill reported out by the Ways and Means Committee, the funds would increase in the early years from about $46 billion at the end of 1974 to about $54 billion at the end of 1978. The reverse would be true under present law, since the funds would decrease from $47 billion in 1974 to $46 billion in 1978.

FRANCISCO BAYO

SOCIAL SECURITY TAX RATES FOR EMPLOYERS, EMPLOYEES, AND SELF-EMPLOYED PERSONS UNDER PRESENT LAW AND COMMITTEE BILL

[In percent]

	Present law						Committee bill					
	Employer and employee, each			Self-employed			Employer and employee, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total	OASDI	HI	Total	OASDI	HI	Total
1974 through 1977	4.85	1.00	5.85	7.0	1.00	8.00	4.95	0.90	5.85	7.0	0.90	7.90
1978 through 1980	4.80	1.25	6.05	7.0	1.25	8.25	4.95	1.10	6.05	7.0	1.10	8.10
1981 through 1985	4.80	1.35	6.15	7.0	1.35	8.35	4.95	1.35	6.30	7.0	1.35	8.35
1986 through 2010	4.80	1.45	6.25	7.0	1.45	8.45	4.95	1.50	6.45	7.0	1.50	8.50
2011 plus	5.85	1.45	7.30	7.0	1.45	8.45	5.95	1.50	7.45	7.0	1.50	8.50

The committee bill also makes some modifications in the provisions of the Social Security Act with respect to increasing benefits automatically to keep pace with future increases in the cost of living.

Under present law, the cost of living for the automatic benefit increase provisions is measured from the second quarter of one year to the second quarter of the next year, with any benefit increase payable for the following January. This results in a 7-month lag between the end of the period which is used to determine the rise in the cost of living for an automatic benefit increase and the payment for such increase. The January check is actually received in February, 7 months after the close of the second calendar quarter.

The committee felt that an increase under the automatic benefit adjustment provision of the law should reflect the rise of the cost of living as nearly as possible to the date of implementation. In order to achieve this purpose, the bill would change the automatic adjustment provisions of the law to provide that future benefit increases be computed on the basis of the Consumer Price Index for the first calendar quarer rather than the second calendar quarter of the year, as under present law, and also that the resulting automatic benefit increase be effective for June of the year in which a determination to increase benefits is made.

This would reduce the lag between the end of the calendar quarter used to measure the rise in the cost of living and the payment of the resulting benefit increase from 7 months to 3 months. It would also mean that the automatic benefit increases in the future would be payable in the month in which any revised premiums under the supplemental medical insurance program would be effective, thus providing the opportunity to make both adjustments in the benefit checks at the same time. So we think this is an overall simplification of the act and one that will make it work more effectively.

Since the 11 percent benefit increase provided for in the bill approximately reflects the estimated rise in the cost of living into the second calendar quarter of 1974, the bill provides specifically that for purposes of determining the first automatic benefit increase effective for June, 1975, the increase in living cost would be determined from the second calendar quarter of 1974 to the first calendar quarter of 1975.

These changes would not affect automatic adjustment provisions relating to the contribution and benefit base and the earnings limitation except that these increases would occur periodically in January following a June benefit increase rather than with the same month for which benefits would be increased as under present law.

The bill specifically provides that the 11 percent benefit increase for June 1974 provided for in the bill shall be considered for purposes of permitting an automatic increase in the contribution and benefit base and the earnings limitations beginning effective January 1975.

Mr. Chairman, in making these changes in the automatic benefit increase provisions of the law, we have attempted to provide a mechanism for moving from these legislated increases that we have had to make because of the tremendous increase in cost of living. The bill will make it possible to work into the automatic cost-of-living procedures.

Under the bill we have provided for an 11-percent benefit increase effective in 1974 and then provided a new base period whereby we can move automatically into another cost-of-living increase payable in July of 1975. So it is the hope of the committee that there will be no need for any further legislation to get us into the automatic cost-of-living benefit increase procedures.

This bill will take fully into consideration all of the cost-of-living increases that will have taken place and will give that cost of living to the beneficiaries as rapidly as possible as the cost-of-living increase occurs.

Therefore, we think that this is the kind of tidying legislation that is absolutely essential to get the cost of living into a meaningful posture.

I think, very importantly, as I have indicated before, we have also corrected the actuarial imbalance in the program, and I think that is something that we should all note.

Let me turn to the matter of SSI benefits, because this will create some controversy in the program that we are presenting, and I think it is the only controversy.

The bill provides that SSI benefits would be increased from $130 to $140 for a single individual and from $195 to $210 for a couple, effective in January of 1974. That would be reflected in the checks received in January.

Remember, this is a new program, and this is when it goes into effect, in January. But we will increase that amount from the amount scheduled originally, as I have indicated.

A further increase of $6 for single individuals and $9 for couples would be effective in July 1974, as reflected in the checks received for July.

Now, Mr. Chairman, there is a provision that we will hear more about. The bill contains what has been referred to as a "pass-along provision" which will affect the benefits payable in some States which make the supplementary payments to recipients receiving benefits under the new Federal SSI program.

This is a rather complicated matter.

As all of us know, the rationale for the SSI program is to eliminate the grant-in-aid and cost-sharing provisions for the aged, blind, and disabled that we have always had and to make this Federal program—in other words, to federalize the adult category.

But in the original bill as passed, we did make provision for the States that had supplemental payments, because some States have a higher cost factor, and they feel that their aged people cannot survive on the basis of these Federal limits. And so we put into effect what we call a hold harmless provision, and

hat hold harmless provision is what ives us problems here.

The present law, in effect, provides hat if the average amount of income ctually received by aged, blind, and dis-bled welfare recipients under State pro-rams in January of 1972 was higher han the level of Federal payments under he supplemental security income pro-ram the States may add enough to new 'ederal benefits to make up the differ-nce, with the assurance that their total xpenditures will not exceed the expendi-ures for those programs from non-'ederal sources in the calendar year 972.

The States may add enough to increase he Federal benefits to make up the dif-erence with the assurance that their otal expenditures will not exceed ex-enditures from these programs from ion-Federal sources in calendar year 972. That is the "hold harmless" pro-ision. If the State exceeds the 1972 ex-enditures, then the Federal Government vill make up the difference. Any in-reases made since January 1972 are at he State's expense. It means that when he Federal benefit is increased, as it is n this bill, the State's supplemental pay-nents must be decreased by the same mount or the State must provide addi-ional funds of its own if it wishes the eneficiary to have the benefits of this ncrease.

The first SSI payment will be made on anuary 1, 1974. Because of the fear that States could not make the necessary djustments in their law or make the ecessary plans or financing by that ime, this bill provides that the Federal ncrease on January 1 may be passed on o recipients during the calendar year 974 at no additional expense to the States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. Mr. Chairman, I yield myself 4 additional minutes.

In other words, what we have done is provided for 1 year—and only 1 year—a hold harmless provision for these increases. Remember that we had a hold harmless provision for all of the differential when we first initiated the program.

As an example of how this will work, assume a State's payment, together with income, averaged $200 per recipient in January 1972. The State made plans to provide supplemental payments of $70 with the Federal payment of $130, which is the amount that has been in the law, and the amount we would increase it to is $140.

Without this amendment the State has two options: it can reduce the $70 to $60 so that the income to the beneficiaries will be the same, or else it can provide $10 of its own funds and thus make a $70 payment to the beneficiary and provide the same increase in total income as there is in the Federal benefit.

The committee was very much afraid some States would not be able to make either of these choices in the time available and accordingly provided temporary relief to the States, so that to the extent they have problems they would not be put in an impossible situation on January 1.

These are the principal provisions of the bill.

I would like to assure Members of the House that, as always, we thoroughly considered this matter and have come to you with a reasonable package designed to treat social security beneficiaries fairly and maintain the social security program on a sound actuarial basis.

I strongly urge that the House pass the legislation.

Mr. Chairman, I will include supplemental material at this point in the RECORD.

TABLE 1.—ESTIMATED EFFECT OF SPECIAL BENEFIT INCREASE OF 7 PERCENT, EFFECTIVE MARCH 1974 AND THE PERMANENT 11 PERCENT INCREASE EFFECTIVE JUNE 1974, ON AVERAGE MONTHLY BENEFIT AMOUNTS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

Beneficiary group	Average monthly amount		
	Before 7 percent increase	After 7 percent increase	After 11 percent increase
1. AVERAGE MONTHLY FAMILY BENEFITS			
Retired worker alone (no dependents receiving benefits)	$162	$173	$181
Retired worker and aged wife, both receiving benefits	277	296	310
Disabled worker alone (no dependents receiving benefits)	179	191	199
Disabled worker, wife, and 1 or more children	363	388	403
Aged widow alone	158	169	177
Widowed mother and 2 children	390	417	433
2. AVERAGE MONTHLY INDIVIDUAL BENEFITS			
All retired workers (with or without dependents also receiving benefits)	167	178	186
All disabled workers (with or without dependents also receiving benefits)	184	197	206

TABLE 2.—ASSETS AT THE BEGINNING OF THE YEAR[1]

[Percent]

Calendar year	OASDI		HI	
	Present law	Modified system	Present law	Modified system
1973	80	80	36	36
1974	75	72	64	64
1975	70	68	83	74
1976	64	64	95	78
1977	59	63	103	77
1978	56	62	105	72

[1] As a percentage of expenditures during the year for the OASI and DI trust funds, combined, and for the hospital insurance trust fund, under present law and under the system as it would be modified by the committee bill.

TABLE 3.—PROGRESS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER THE SYSTEM AS IT WOULD BE MODIFIED BY THE COMMITTEE BILL, CALENDAR YEARS 1973-78

[In billions]

	Income		Outgo		Net increase in funds		Assets, end of year	
	Present law	Modified system	Present law	Modified system	Present law	Modified system	Present law	Modified system
Calendar year:								
1973	$54.8	$54.8	$53.4	$53.4	$1.4	$1.4	$44.2	$44.2
1974	61.4	63.1	58.9	61.2	2.6	1.9	46.8	46.1
1975	66.5	68.5	66.6	67.6	−.1	.8	46.7	46.9
1976	72.6	74.8	72.7	73.1	(1)	1.7	46.6	48.6
1977	78.4	80.9	78.5	77.8	−.2	3.1	46.5	51.7
1978	82.0	85.5	82.3	83.7	−.3	1.9	46.2	53.6

[1] Outgo exceeds income by less than $50,000,000.

TABLE 4.—PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW AND UNDER THE SYSTEM AS IT WOULD BE MODIFIED BY THE COMMITTEE BILL, CALENDAR YEARS 1973-78

[In billions]

	Income		Outgo (same under present law and modified system)	Net increase in funds		Assets, end of year	
	Present law	Modified system		Present law	Modified system	Present law	Modified system
Calendar year:							
1973	$11.4	$11.4	$8.1	$3.4	$3.4	$6.3	$6.3
1974	13.1	12.1	9.8	3.3	2.3	9.6	8.6
1975	14.3	13.1	11.5	2.8	1.5	12.4	10.1
1976	15.7	14.3	13.0	2.7	1.2	15.1	11.3
1977	17.1	15.4	14.7	2.3	.7	17.5	12.0
1978	22.0	19.4	16.6	5.5	2.8	22.9	14.9

TABLE 5.—*Effect of H.R. 11333 on unified budget for fiscal year 1974*

[In billions]

Additional outgo:	
Social security benefit increase	$0.9
Supplemental security income benefit increase [1]	.2
Total	1.1
Additional income:	
Social security earnings base	.1
Net additional outgo	1.0

[1] Cost of "hold harmless" provision already included in the budget. Without the amendment in the bill, expenditures under the "hold harmless' provision would be about $100 million less than provided for in the Fiscal Year 1974 budget.

Mr. CAMP. Will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. CAMP. I believe the gentleman stated the increased cost of living percentagewise was about 28.8 percent.

Mr. ULLMAN. For the time frame I mentioned the food costs had gone up at a 28.8 percent annual rate. That is right. The across-the-board living cost had gone up 10.3 percent.

Mr. CAMP. I wonder if the gentleman can tell us how much the social security payments percentagewise have gone up.

Mr. ULLMAN. What we have done in this legislation is try and keep exactly abreast of the cost-of-living increases that have occurred and to tide the program over during this interim period so that we can actually have cost-of-living benefit increases coming into effect at the time nearest to the cost-of-living increases so that they can help the beneficiaries. The actual result is here that the increases we have afforded during this year and through next year until the automatic cost-of-living adjustments come into effect will very closely match the actual costs of living that have taken place.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield myself 5 minutes.

(Mr. BROYHILL of Virginia asked and was given permission to revise and extend his remarks.)

Mr. BROYHILL of Virginia. Mr. Chairman, the gentleman from Oregon (Mr. ULLMAN) has delivered a very thorough explanation of the bill. Therefore, I will attempt to merely summarize essential points of the measure and to make a few additional observations on it.

The bill provides for a 7-percent "flat" social security benefit increase payable in the April 3, 1974, paychecks, and for a further increase in the July 3, 1974, paychecks, bringing the combined increase for the year to 11 percent across the board.

And very importantly, Mr. Chairman, the bill also provides for a quick return to the cost-of-living increase concept in the automatic escalator provision of existing law.

In effect, the action taken under this measure would preempt the first cost-of-living increase, due to take effect in January 1975, but as pointed out by the gentleman from Oregon, H.R. 11333 does provide for a prompt return to the cost-of-living concept. The first automatic increase would be payable in July 1975, and succeeding increases would be payable each July thereafter, if warranted by increases in the cost of living totaling 3 percent or more, based on comparisons between the first quarter of one year and the first quarter of the next.

To finance the 11 percent benefit increase in 1974, the taxable wage base would be raised from its present level of $10,800 to $13,200 in 1974. I might point out that the wage base would go up to $12,600 anyway next year, under current law.

The bill also provides for a transfer of money from the health insurance trust fund equal to one-tenth of 1 percent of payroll, over to the old age, survivors and disability trust funds starting next year. This would be a temporary shift. In 1981 the contribution rate for hospital insurance would be back on the schedule set under current law.

In addition, H.R. 11333 provides for further rate adjustments in future years to keep the trust funds within recommended actuarial bounds.

Finally, the bill advances the increases already provided for the supplemental security income program. SSI payments would be raised under current law $10 per individual and $15 per married couple in July of next year. The bill would advance these raises to January 1, 1974, when the program starts, and would provide for further increases of $6 for individuals and $9 for couples effective in July 1, 1974.

We adopted this portion of the bill without too much disagreement in committee, except for one provision, the so-called hold-harmless provision, under which it is contended that 10 States could raise their SSI benefits at Federal expenses. Over the years we have had a discriminatory situation in which the Federal Government has been paying more to the poor in some States than in others, due to the varying amounts that the States were putting into the program in supplemental payments. This was an uneven practice which we attempted to correct when we adopted the SSI program.

The ultimate aim was to make the same Federal payment in all instances, but we included in the original SSI legislation a hold harmless provision to insure that States which were paying benefits above the new Federal payment levels could continue doing so without incurring higher welfare costs than they were incurring in 1972. This was intended to be a temporary provision. But it has been pointed out that we are perpetuating that discrimination in this legislation by permitting 10 States to increase their benefit levels by the amounts of the increases provided in the bill and still come under the old hold harmless provision.

The CHAIRMAN. The gentleman has consumed 5 minutes.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, the Committee on Rules has permitted the gentlewoman from Michigan (Mrs. GRIFFITHS) to offer an amendment to eliminate the hold-harmless provision of this bill, even though it would be extended only for 1 more year. Everyone here knows that once that year is up, a further extension will be sought, and we are establishing a precedent for extension in H.R. 11333. I intend to support the amendment of the gentlewoman from Michigan when she offers it, and I hope it will have the unanimous support of Members on this side of the aisle.

Mr. Chairman, we had a lot of problems in writing this legislation, but those problems did not arise from differences among us with respect to our concern for the aged, poor, and disabled. All of us recognize the necessity to deal with those particular needs, and all of us share equally in our desire to do so.

It is unfair, if not intellectually dishonest, Mr. Chairman, for anyone to claim more compassion or sympathy than others for the aged. This is not just a simple matter of determining who can bid highest in providing additional social security benefits. We are charged with the responsibility of preserving the financial integrity of the system, not only for the present but for the future. This involves providing adequate financing and, of course, it is the taxpayer who must pay the price. Specifically, it is the wage earner in the lower income brackets.

This also involves a problem of fiscal impact. As we know, inflation hurts the poor a great deal more than it does the rest of the population; therefore, we must minimize as much as we can the inflationary fiscal impact which such legislation will have.

Mr. Chairman, every time a social security bill comes up for consideration, there is much debate as to what we want the social security system to be. Do we want it to be a welfare program, or do we want it to be an insurance program? It was intended originally to be a social insurance program, wherein wage earners can contribute to the system during their earning years, and then, during their years of retirement, receive benefits based on those contributions. But because of our concern for the elderly and the disabled, we have attempted repeatedly to meet their financial needs by raising benefits without due regard to the impact such actions might have on the insurance aspect of the system.

More often than not, Mr. Chairman, we have increased benefits the highest for those who have contributed the least to the system. We have provided the greatest percentage increases to those who have other investments and other income. For example, many people who have spent most of their working lives in civil service, retire and receive benefits under that system, then work under social security for a few years and receive minimum benefits under this system also. Social security benefits are heavily weighted in favor of those with lower covered earnings, on the basis of social need. But whenever we increase benefits across the board, this ironically has the effect of helping not only those with the greatest need, but those with the least, as well.

In the meantime, we are soaking wage earners to pay for liberalized benefits.

Mr. Chairman, some of us feel that taxes on wage earners have reached acceptable limits. In fact, one of my colleagues on the committee stated the other day that he felt we might be on the verge of a wage earners' revolt.

Many of these wage earners do, indeed, have severe problems. Those who are at the beginning of their earning years are likely to be in the process of trying to buy a home, trying to raise a family, trying to educate their children, and hopefully trying to put something away for a rainy day. Many of the retirees who benefit greatly from these social security increases do not have such problems. In many instances the social security beneficiaries have paid for their homes, their children are grown and educated, and they have been fortunate enough to have put something aside for themselves.

In this bill, we are raising the wage base to $13,200 a year. The wage earner who is earning that much in 1974 will be paying $772.20 annually into the social security system. That is $140.40 more than he is paying this year. When we add the equal contribution made by his employer—and it should be noted that the employer's contribution is basically chargeable to the employee because it is a fringe benefit that the employee would likely receive in another form if the employer did not have to pay the tax—it brings the total contribution to the trust funds on behalf of the $13,200-a-year wage earner up to $1,544.40 a year, and that is not "peanuts."

In fact, most of the workers covered under social security earn less than $13,200 a year, and many of them now pay more in social security taxes than they do in Federal income taxes.

And the rate of social security taxation is going to continue to go up in future years. We provide for it in this bill. From 5.85 percent of taxable earnings next year, it will go as high as 7.45 percent if Congress does not enact further adjustments. Of course, we might say that a person paying into social security will get his money back later. He will if he lives long enough, and if the system lasts that long.

I submit Mr. Chairman, that the trust funds are only marginally sound. Contribution rates and taxable earnings are based on actuarial assumptions that are considered questionable by many experts, yet we have modified those actuarial assumptions to suit our convenience.

In 1972 we modified them drastically in order to justify a 20-percent increase. In this switch we shifted to current cost financing. And we already are violating the new guidelines current cost financing foregoes a large buildup of funds in early years that would provide interest earnings to the trust funds. The latest Social Security Advisory Council recommended that under this new financing assets in the trust funds should be equivalent to about 1 year's benefit payments. The Council said the law should be changed to require the trustees of the funds to report to Congress whenever any of the funds might fall below 75 percent of the amount of the following year's expenditure or would rise above 125 percent of such expenditure.

But what do we have at the present time in the OASDT trust funds? We have a ratio of assets to the following year's benefit payments of under 80 percent, and thus is expected to decline, under the bill, to 62 percent. In short, we will have assets declining below two-thirds of 1 year's benefit expenditure.

We also came up with a new set of actuarial assumptions based on "dynamic earnings." This assumes we are going to have an increase in average covered earnings of 5 percent every year and an increase in the cost of living, based on the Consumer Price Index of 2¾ percent annually. With those assumptions and with the increases in benefits throughout the years, it has been contended that the system will remain actuarially sound if we can keep expenditures in line with the income within a tolerance of about minus 0.5 percent of taxable payroll.

However, when we used more conservative assumptions, based on level wages and prices, we were told by the system's actuaries that actuarial soundness called for a tolerance of about minus 0.1 percent of taxable payroll.

Under this bill, we would have a tolerance, or an actuarial imbalance, of an estimated minus 0.51 percent of taxable payroll, which is 5 times greater than the tolerance once we said to be safe. If this figure of minus 0.51 percent of payroll is maintained over a period of 5 years, it will amount to a total deficit of several billions of dollars. So the actuarial soundness of this system at the present time seems to me to be questionable at best.

Mr. Chairman, we can make this system more generous or more liberal, if we provide the money for it. This money has got to come from taxes. There is no other source.

Increases based on the cost of living are proper and fair. But past increases we have provided have far exceeded increases in the cost of living. Since 1950 the cumulative increase in the consumer price index has amounted to 202.8 percent, while the cumulative increases in social security benefits have amounted to 342 percent. Since January of 1970, we have provided a 15-percent increase, then a 10-percent increase, and then a 20-percent increase, for a cumulative benefit increase of 51.8 percent, yet over the same period the cumulative increase in the cost of living has amounted to 23.4 percent.

So social security benefits clearly have not lagged behind cost-of-living increases.

What about the fiscal impact of this bill? This should be the concern not only of the committee, but of all of us.

By providing for a March 1974 increase, we also provide a deficit estimated at $1.3 billion in fiscal 1974.

The committee did consider an alternative, providing for a 10-percent increase effective in July 1974, with a further increase to a combined total of 13 percent in January 1975, and this would have no fiscal impact whatsoever on fiscal 1974.

The committee at one point approved that alternative by a vote of 13 to 12. But the following day, after a motion to reconsider, the committee came out with the bill that we have before us today.

I will say, Mr. Chairman, although I am reluctant to be overly enthusiastic about it, that I believe this is possibly the best compromise we could have come up with. It provides for a deficit in fiscal year 1974 of $1,115 million, but it also provides an adequate cost-of-living increase next year and adequate cost-of-living increases in the future, if Congress will only let the automatic escalator provision take effect.

Let me say briefly in conclusion, Mr. Chairman, that this social security system certainly does not provide a bonanza. It is not a perfect system. I hope we can do a great deal to improve it. We have urged in the committee report, that the next Social Security Advisory Council reevaluate the system, and our committee staff is going to do likewise.

And on the basis of these reevaluations, I hope our committee will take the time to give the program the thorough review and revision which are so badly needed.

In the meantime, Mr. Chairman, I think we should stop threatening the fiscal integrity of the system, by taking ad hoc action.

Mr. Chairman, I yield to the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I thank the gentleman for yielding to me. I want to commend him and the minority on the committee on the fact that we were able to arrive at a compromise position that would accommodate the senior citizens and would keep the system responsible.

I did not want there to be any misunderstanding. The existing system, the gentleman from Virginia I am sure will agree, without any increases at all would have an imbalance of minus 0.76.

Mr. BROYHILL of Virginia. That is correct.

Mr. ULLMAN. And what we have done, we have given the increases and brought the system back into an imbalance of minus 0.51, which is just about the target, the outer limit where we could afford to be, so one of the most significant features of this bill is that it does bring the social security system back into the right kind of actuarial balance, tolerance we can stand.

Mr. BROYHILL of Virginia. Mr. Chairman, I thank the gentleman for helping me to emphasize my point. It is correct, the action we took in 1972, providing for a 20-percent increase, did throw it out of balance by minus 0.76 of 1 percent. This bill does bring it closer to balance by minus 0.51, but we do not leave ourselves any margin for error on the low side.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield such time as he may consume to the ranking minority member of the Committee on Ways and Means, the gentleman from Pennsylvania (Mr. SCHNEEBELI).

(Mr. SCHNEEBELI asked and was given permission to revise and extend his remarks.)

Mr. SCHNEEBELI. Mr. Chairman, I expect to vote for H.R. 11333 with reservations.

Let me emphasize that my reserva-

tions has nothing to do with granting increases to social security beneficiaries as soon as feasible in the light of rapid advances in the cost of living. I strongly support such action. But that is not the real issue here.

As a matter of fact, we already have provided for automatic increases in benefits equal to increases in the cost of living, and the legislation before us today merely accelerates that process.

Under the automatic escalator provision of current law, beneficiaries would be eligible by January 1975 for an estimated benefit increase of 11.5 percent which they would receive in two installments: A 5.9 percent down payment in July of 1974 and the remainder, about 5.6 percent, 6 months later.

Under the bill before us, beneficiaries would receive a total benefit increase of 11 percent next year, also payable in two installments: A flat 7 percent in April and the remainder in July. Under this proposal, the automatic escalator provision would be suspended temporarily and would not pay off again until July of 1975.

The essential difference lies in the timing of the increases, and my reservation is not primarily based on this.

My disagreement with this legislation is based upon the way in which this measure has been considered. We have followed what has become an unfortunate pattern—set by the other body—of hastily legislating substantial increases in benefits without taking the time to review with care the impact of such action on the social security program in general and on the workingman who pays the taxes in particular.

We have, for example, enacted one benefit increase after another without looking closely at other possible program needs, such as providing greater equity for workingwomen who pay a higher proportionate of benefit costs without a commensurate return.

We have changed radically the actuarial methodology underlying the financial structure of the system, without any committee consideration of the consequences.

And we have added greatly to the burden borne by the nearly 100 million Americans who make the current contributions which are necessary to pay current benefits. This bill alone would increase the maximum tax for each covered employee and employer by 22 percent from this year to the next.

The weight on these taxpayers is already heavy. A man with a wife and two children and an income of $7,000 a year now pays more social security taxes than he does in Federal income taxes. The more we add to the costs of the social security system, the more we add to the tax load on the back of this family.

In fairness to those who have so much invested in the social security system, and to those who will invest in years to come, we simply must take the time in the future to weigh new program costs against the burdens they will impose on the taxpayer. We owe it to them.

Mr. Chairman, these are the bases of my reluctance. I will vote for this bill, because I believe that the nearly 30 million social security beneficiaries do need the assistance it provides. I only hope that the other body will show restraint and not add to its cost. The sooner the automatic escalator can become operative, the better it will be for both taxpayer and beneficiary.

Mr. KETCHUM. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count; 42 Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 583]

Anderson, Ill.	Duncan	Melcher
Ashley	Erlenborn	Mills, Ark.
Bell	Esch	Mitchell, Md.
Blackburn	Evins, Tenn.	O'Brien
Blatnik	Fraser	O'Hara
Bolling	Giaimo	Peyser
Brademas	Gray	Rees
Brasco	Hanna	Reid
Burke, Calif.	Hansen, Wash.	Rostenkowski
Carney, Ohio	Hastings	St Germain
Chappell	Hébert	Slack
Chisholm	Horton	Smith, N.Y.
Clark	Keating	Stephens
Clay	Kluczynski	Stokes
Collins, Ill.	Kuykendall	Stuckey
Conlan	Leggett	Teague, Tex.
Culver	Long, La.	Udall
Davis, Wis.	McClory	Wolff
Dellums	McKinney	
Diggs	Madden	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11333, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 375 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair announces the time remaining as 1 hour and 6 minutes for the majority, 1 hour and 10 minutes for the minority.

Mr. ULLMAN. Mr. Chairman, I yield 15 minutes to the gentlewoman from Michigan (Mrs. GRIFFITHS).

(Mrs. GRIFFITHS asked and was given permission to revise and extend her remarks.)

Mrs. GRIFFITHS. Mr. Chairman, I apologize for offering this amendment. I should have offered it in the committee itself, but I thought we were going to have another day before we had a firm commitment. Nevertheless, I should like to thank the members of the Committee on Ways and Means and the members of the Committee on Rules for permitting me on this occasion to offer the amendment, because I feel that the amendment is not only necessary, but I feel in addition it will help explain these income maintenance programs to everyone, and the total inequity of all programs.

The amendment that I will offer tomorrow is to strike lines 11 through 22 on page 11 of the bill, H.R. 11333. The issue in this amendment which relates to the so-called hold harmless provision seems complicated in its ins and outs, but it is very simple in principle.

As Federal legislators, there is at least one principle that we can all agree to. This principle is that as far as the Federal Government is concerned, a poor, aged, blind, or disabled person has the same claim on the Federal Treasury, no matter where he lives. Someone's health and comfort should not be worth more in one State and less in another in terms of Federal dollars.

The bill reported out of committee which we are considering today would negate this very principle, a principle which we adopted when we enacted SSI. It would allow up to 10 States to pass along to their residents the increase in SSI which the committee has proposed, and thereby add to their already generous State benefits with full Federal funding. My amendment would restore the principle of equal Federal dollars for equally needy people.

As we know, now in our Federal and State welfare programs we put Federal dollars on the stump and let States claim various amounts, depending on their fiscal capacity and their generosity. As a result, an old person with no other income gets as small a check as $75 per month in Mississippi and as much as $239 per month in New York.

When we adopted SSI last year, we said that this approach was wrong and that the Federal Government should be more evenhanded, so we established SSI as a national program with a uniform basic benefit level to be fully funded by the Federal Treasury. And we specifically ended Federal matching of State benefits. But we did not feel we could arbitrarily turn our backs on States that already pay more than SSI will pay, and that could be hurt financially under SSI by maintaining current benefit levels. So under SSI we adopted a hold harmless provision. This provision insures that States can continue to pay benefits at about the same levels they were paying in 1972 and not suffer higher welfare costs than they incurred in 1972. States were specifically to be protected against caseload growth if such growth would require greater outlays than in 1972, but benefit increases were to be their own financial responsibility.

We knew that if we increased SSI in the future this would help the poorest recipients and it would also take over more of the cost in States which supplement the basic SSI benefits. Now under H.R. 11333 we are proposing to start the SSI programs with higher benefit levels than orginally planned, but the Ways and Means Committee has proposed to allow States to raise their benefit levels by the amount of the January SSI increase and still come under the hold-harmless provision. That is, as many as 10 States could raise their benefit levels largely or wholly with extra Federal expenditures.

Where we pay $15 into Ohio, that is, we could pay as much as $30 into Michigan or into Wisconsin. This departs from the principle that the Federal Government is going to be more even-handed among recipients.

When we look at the benefit levels some of these 10 States already pay and intend to pay under SSI we can see the

folly of using Federal funds to raise them even further. These are the States we are talking about helping: Michigan, my own State; California; Hawaii; Massachusetts; New York; Nevada; New Jersey; Pensylvania; Wisconsin; and possibly Rhode Island. Everybody else would pay Federal taxes to help finance their increases.

Many of these States already pay benefits well above the poverty line, and every one of these States, but Wisconsin is paying the full need of any of their recipients and Wisconsin pays 98 percent.

I hope all Members will listen to this. This provision would allow California to raise its payment amount for an aged couple from $394, which is 76 percent over the poverty line, to $409 a month. The average social security payment for a retired worker and dependent spouse in California is $243.20, but we are going to pay under SSI and State supplement $409 a month to a couple in California under this committee provision.

Massachusetts would go from $340.30 to $355.30 for a couple and their average social security for a retired worker and spouse is $249. Wisconsin would go from $329 to $344 for a couple, and their average social security is $245.18. New York would go from $294.51 to $309.51 for a couple, with an average social security of $259.08.

Michigan is one of the few States that now has a higher social security average payment to a retired worker and spouse than they would have on welfare. Meanwhile, couples in States such as Arkansas, Indiana, North Dakota, Ohio, Utah, West Virginia, Missouri, Montana, Texas, Wyoming, Delaware, Georgia, Connecticut, and others will probably be getting only the basic SSI benefit of $210 a month.

These differences in State payment levels are far greater than the differences in the cost of living between these States. I have researched this question specifically. The differences more truly reflect differences in State standards of living, and so using Federal money to increase State variations is wrong. This optional benefit-increase pass along means we would be paying for benefit increases above the SSI level in Detroit but not in Chicago, but the cost of living is higher in Chicago. We would pay for higher than SSI benefits in Milwaukee, that is the Federal Government would pay it, but not in Minneapolis, and the cost of living is higher in Minneapolis; in Honolulu but not in Miami Beach; in Boston, New York, and Philadelphia, but not in Baltimore and Norfolk.

I want the Members to look with me at a specific case. The highest benefits now and the highest supplemental level under SSI is in California.

Under the committee provisions California could have the Federal Government pay for the entire cost of increasing its payment for an old couple from $394 to $409 per month.

I want to point out that the average retired worker and dependent spouse in California gets only $243.20 a month from social security and the maximum in social security that anybody can get in the entire United States now for a man and wife is $399.20. But under this committee provision we are going to pay on SSI and State supplements, $409. Why pay taxes?

California's current payment level is only $5 now below the maximum social security benefit anywhere in the country. So we would be helping California pay more in welfare than a retired worker and his wife can get now from social security anywhere.

Theoretically, any person drawing social security which is less than the SSI benefit, will be given some SSI benefit or State supplement; but some social security beneficiaries would not get it, because they could not pass the asset test. Because of the asset limitations in SSI itself, it is entirely possible that the average social security retired worker and his dependent wife in California drawing $243 only could be excluded from SSI and from State supplementary payments.

This situation cries out for correction much more than raising California's benefit levels.

We cannot have someone who never saved, never contributed to social security, walking away with handsome social security benefits while a frugal social security beneficiary cannot qualify for welfare, with the result of much less income.

If we want to spend $175 million, let us correct the asset test to present recipients, whether social security or welfare, on an equal basis.

Now, look at a retiree and his wife who get the minimum social security benefit of $126.80 a month. Even without the pass-along in California's benefit level in January of 1974, this couple will have a total income from social security, SSI, and State benefit supplements, of $414 a month, because SSI and the State must ignore $20 in social security in computing welfare benefits. With the pass-along, California would guarantee this couple the grand total of $429 a month and, if this couple had average medical expenses, they would have medicaid reimbursement of $908 a year, for a grand total of $6,056 per year.

Think back to what aged couples will get in your State if you are not one of these 10 States. Most are going to get $210, or they may get only social security, which is even less, because of the asset test. Ask whether you think this optional pass-along provision benefiting only a few rich States is a wise and fair use of Federal funds. If we compare the $6,056 in cash and medical benefits that the minimum social security and SSI and State supplement beneficiary can get in California with the average payment to an aged couple under social security in California which is $243 per month——

The CHAIRMAN. The time of the gentlewoman from Michigan has expired.

Mr. ULLMAN. Mr. Chairman, I yield 5 additional minutes to the gentlewoman from Michigan.

Mrs. GRIFFITHS. You will also realize that that person drawing only $243.20 will have to pay $12.60 per month for part B medicare coverage, and he will pay for every pill he takes outside of a hospital. For the State supplement and SSI beneficiary, it is all free.

Nobody wants to see our elderly, blind or disabled citizens living in shameful conditions. So we must channel the Federal dollars where they will do the most good, raising the SSI levels generally and not helping the richest States to do what is relatively easy for them to do on their own. If they want to raise their benefit levels, let them do it, but if the Federal Government is to provide the funds for them, let us do it for every State.

Some people apparently feel that their State legislatures will not be generous and automatically pass on the SSI increase. They may be right, but it is not fair to pass the buck to this body and say, "You do what my legislature will not do, including pay for it."

Now, let me point out to the Members that while we would raise it to $409 in California, in Illinois, Ohio, Minnesota, Iowa, Virginia, and all other States outside of the 10, the minute they go over $210, they have got to pay every dime of it themselves, every penny, but what the rich States want is to raise it to almost twice what the poor States have guaranteed to these recipients and they want the Federal Government to pay for it.

Now, some say that this pass-along provision would apply only for 1 year and we should not worry about it. We all know that once special provisions and protections get written into the law, it is always easy and convenient just to continue them. So, if we continue this provision we would be locking ourselves into this special hold-harmless arrangement for only a handful of States.

Some people are apparently upset by the thought that States below their hold-harmless levels, especially those with modest benefit levels, will reap fat savings, because of SSI in general and the SSI increase in particular. In fact, however, because of caseload growth and certain mandatory medicaid requirements under SSI, these States will be paying out much more for medicaid than they ever did in the past, and there has not been one proposal that we help these States.

In summary, Mr. Chairman, we should follow the turnabout in Federal policy that we achieved by enacting SSI.

We are Federal legislators whose responsibility it is to determine priorities in the use of Federal funds. I submit that the optional pass-along is not a priority use of Federal funds, and I urge my colleagues to support my amendment, which I will offer tomorrow, striking it from the bill.

Mr. Chairman, I would like to point out to the Members that the best we can figure out is that the total cost of the pass-along arrangement next year will be $175 million, and 70 percent of it would go to two States: California and New York.

Mr. BURTON. Mr. Chairman, will the gentlewoman yield?

Mrs. GRIFFITHS. I yield to the gentleman from California.

Mr. BURTON. Mr. Chairman, first I would like to commend the gentlewoman from Michigan, particularly on the one point she expressed, on which I hold full agreement.

One of the inequities resulting from the SSI legislation is the assets limita-

tion—that discriminates against some low income aged, blind, and disabled. It is an unfairness which I hope some day will be corrected.

The gentlewoman made the point that an assets test, a so-called resource test, is really irrelevant and inequitable. She is correct on this point.

The CHAIRMAN. The time of the gentlewoman from Michigan (Mrs. GRIFFITHS) has expired.

Mr. ULLMAN. Mr. Chairman, I yield 4 additional minutes to the gentlewoman from Michigan (Mrs. GRIFFITHS).

Mr. BURTON. Mr. Chairman, will the gentlewoman yield further?

Mrs. GRIFFITHS. I yield further to the gentleman from California.

Mr. BURTON. So, Mr. Chairman, I would hope some day that the Committee on Ways and Means would look objectively at the assets test and, hopefully, that they would reach the conclusion which apparently has been reached by the gentlewoman from Michigan, that point being that a good income test should be the sole yardstick, such as we have in the veterans' pension program, and we ought to dismantle this very cumbersome and expensive-to-administer, so-called assets test.

Mr. Chairman, the situation is even more unfair than the gentlewoman indicated. It is not just considering the person living on social security in a State where the benefits may be a little higher than the average. There are people receiving social security benefits at the minimum level who are ineligible for SSI only because they may not have the assets in some form that is contemplated in the regulations, the regulations I might say which are promulgated by the Department of Health, Education, and Welfare and that are in themselves onerous and burdensome.

Mr. Chairman, there is one additional point I would like to establish, if I may, while the gentlewoman has the time, and that is this: That point, simply stated, is that under the current law every State in the Nation is entitled to no less than 50 percent matching for the adult public assistance program, and this scale graduates up to, I believe, 83 percent in the lower per capita income States. But all the States today have matching ranging from 50 percent up to 83 percent.

This financing is completely rearranged, under the new SSI program, ultimately to protect the Federal interests and the Federal taxpayer.

The new SSI financing arrangement will work as follows: In more than half of the States, the existing matching is increased from the current 50 to 83 percent, to, starting in January, a 100-percent Federal program, resulting in a cost reduction, therefore, of from 17 to 50 percent for more than half of the States.

However, in the instance of the higher cost of living, higher grant States, the matching for those States is no longer 50 percent, their percentage of Federal assistance has not increased. To the contrary, it has been effectively reduced to something on the order of from 50 percent down to 30 percent.

Mrs. GRIFFITHS. Mr. Chairman, right there I cease to yield to the gentleman.

The truth is that there is no State that is now getting less than 50 percent under the $210 figure, or old-aged assistance. The gentleman is discussing his total welfare bill, State supplements, and so forth. They will continue to get 50 percent until it reaches $220. So there is no trouble from this. You are getting more money and saving money.

Perhaps I should point out that many States are not included. California and New York are switching their general assistance recipients, some so-called "disabled" and AFDC people onto this SSI program.

There are savings going on all through this. You are really not being hurt.

Mr. BURTON. I am sure the gentlewoman wants to correct her remarks in the RECORD, because I am sure she would not want the RECORD to reflect that every State gets more than 50 percent matching until the benefits get over $210 or $420. I am certain the gentlewoman does not want that absolutely incorrect statement to appear in the RECORD.

Mrs. GRIFFITHS. I want it shown that the gentleman's State gets more money out of this than they ever had before. So please do not say I am incorrect. I am correct.

The CHAIRMAN. The time of the gentlewoman has again expired.

Mr. ULLMAN. I yield the gentlewoman 1 additional minute.

Mr. BURTON. Will the gentlewoman yield?

Mrs. GRIFFITHS. I yield to the gentleman.

Mr. BURTON. May I complete my question of the gentlewoman?

If the gentlewoman will yield, as I stated earlier, come January the higher cost of living or the higher grant States, whichever you choose to call it, have their effective Federal matching reduced from 50 percent down to roughly 30 percent.

Mrs. GRIFFITHS. Oh, no. I refuse to yield any further.

Mr. BURTON. I have not made my point yet.

Mrs. GRIFFITHS. It is not true at all. It is absolutely not true.

I yield back the balance of my time.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. CLANCY).

(Mr. CLANCY asked and was given permission to revise and extend his remarks.)

Mr. CLANCY. Mr. Chairman, I rise in support of H.R. 11333, which provides for a social security benefit increase that social security beneficiaries need and that is appropriate in view of the inflation that has occurred since the last increase.

The bill provides a two-stage social security benefit increase totaling 11 percent to approximately 30 million Americans, and makes an important modification in the timing of the automatic cost-of-living benefit increase provision in existing law. The bill provides a flat 7-percent social security benefit increase effective in March of next year, payable April 3, and an additional 4 percent in June of 1974, payable on July 3. The combined increase will be 11 percent by June of next year.

The cost of living has increased since September of last year—the date of the last social security increase—until September of this year by 7.4 percent. It is estimated that when this 11-percent increase is fully effective, the 7.4 percent figure will have increased to around 11 percent. This bill will, therefore, keep benefits up to date with the cost of living. This is particularly important for social security beneficiaries since most of them have been affected significantly by increases in the price of food, which has increased much faster than other components of the Consumer Price Index. Many social security beneficiaries spend a higher proportion of their income on food than other groups in the population.

While admitting the necessity to deal with the immediate need this benefit increase addresses, it is also critical, in my opinion, for the Congress to avoid this kind of ad hoc action in the future. This can and must be accomplished by insuring that the provisions enacted in Public Law 92-336 and amended by this bill providing for automatic increases in social security benefits based on rises in the cost of living become operative as soon as possible.

Under present law, the cost of living for the automatic benefit increase provisions is measured from the second quarter of one year to the second quarter of the next year with any benefit increase payable for the following January. This legislation changes those time periods to the first quarters of each year and makes any resulting automatic benefit increase payable for the following July.

Under this change, the first automatic cost of living benefit increase will be possible for July of 1975. This is a meaningful step toward the goal of eliminating the need for ad hoc benefit increases.

I agree with many of my colleagues that the committee should at the earliest opportunity conduct a fundamental review of the social security system, giving particular attention to the financing aspects of the program. While the system as amended by the bill is actuarially sound, significant changes adopted in recent years must be carefully reviewed by the committee to assure the long run health of the program. In this connection, the committee has ordered the staff to conduct a study and expressed the hope that the new Advisory Council on Social Security will be promptly appointed. These will be valuable resources to the committee when we conduct our review, which I hope will be at the earliest possible time.

Mr. Chairman, this bill is an appropriate response to the present circumstances and I support it.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado (Mr. BROTZMAN).

(Mr. BROTZMAN asked and was given permission to revise and extend his remarks.)

Mr. BROTZMAN. Mr. Chairman, I support H.R. 11333. The social security benefit increases which the bill provides for calendar 1974 are in line with cost-of-living advances, up-to-date and projected, under the automatic escalator

provision of current law. The measure, in effect, speeds up the payment of these benefits, and I think this clearly is warranted because of the rapid rises in the cost of living in recent months.

The substance of the bill has been described in detail by other members of the Committee on Ways and Means, and I will not belabor these points now. Suffice it to say the measure provides a two-step benefit increase next year totaling 11 percent, with the first installment, equaling a flat 7 percent, payable in April social security checks, with the remaining 4 percent, payable in the July checks. The bill also provides for resumption of the triggering mechanism in 1974 in order that the first automatic escalator increase could be paid in July of 1975, which is only 6 months later than would be the case under present law. I feel strongly that both program beneficiaries and taxpayers would be better off in the long run under the automatic escalator and I hope it can become operational according to the schedule set through this bill.

I also hope that the Committee on Ways and Means can undertake next year a full-scale review of the social security program with a view toward bolstering its individual equity aspect. This should be done in fairness to the many millions of Americans who are now making contributions in the expectation of receiving commensurate benefits in the future.

Mr. Chairman, while the financing of the program under the law as amended by this bill leaves the system on an actuarially sound basis, we have made fundamental changes in the program in recent years. I agree with my colleagues that at the earliest opportunity the Ways and Means Committee should carefully review the changes in actuarial methodology that we have adopted. In this connection, we also should review the relation of social security to other private income security mechanisms. I hope we will have an opportunity to make this study in this Congress, and that the staff work ordered by the committee report as well as the studies conducted by the new Advisory Council will be commenced immediately so that they are available to assist the committee in its deliberations.

Mr. Chairman, I believe the bill before us is responsive to a real need and I join in support of the measure.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Chairman, I rise in support of H.R. 11333, providing for an 11-percent increase in social security benefits for our older Americans.

Escalating prices over the past few months has made living more difficult for all of us, but has taken the greatest toll on our senior citizens, many of whom barely subsist on inadequate incomes.

Poverty is a constant threat to our senior citizens. Over one-fourth of our 29 million older Americans fall far below the poverty level. As the costs of housing, transportation, health care, food, and clothing continue to skyrocket, the burdens upon our senior citizens, living on fixed incomes, forces them more and more into poverty-level existence.

In traveling around my congressional district I am continually confronted with the distressing fact that many of our elderly simply cannot absorb any more additional costs. They find themselves faced with the alternative of scrimping on food, health care, and other basic necessities. In our prosperous Nation, this is shameful.

To illustrate my point, permit me to read a letter I recently received from an older American in my district:

DEAR CONGRESSMAN GILMAN: I am a 77-year-old widower trying to live this life as best I can. My social security check is $181.70 a month. I pay $75.00 a month for rent and I don't have all the facilities, not even a shower or bathtub. My food payment is very restricted and not less than $17 to $18 a week and when the month has five weeks my food costs a little over $80.00. I need to have a phone in case of emergencies and my monthly bill is a little over $10.00. My light and gas bill is about $11.00 to $12.00. I have not too much house insurance, still I pay a little over $6.00 a month. Medicare is going up, so from July on I pay $6.30 a month and for Blue Cross and Blue Shield $1.70 a month. All this adds up to $190.00 a month. What am I going to do if I need to buy a pair of shoes or stockings or a shirt or any other things which a person needs.

This pathetic letter and dozens like it underscores the dire need for increased social security benefits so that our older Americans can afford to purchase that "pair of shoes or stockings or shirt" or other essential items.

Social security benefits and public assistance programs provide senior citizens with over 50 percent of their incomes. While the increases we are considering today, 7 percent effective in March of 1974 and an additional 4 percent in June of 1974, are in no way exhorbitant, these increases will provide some measure of relief to our elderly whose fixed incomes have not kept pace with the increased cost of living.

For some time now I have been urging an increase in social security benefits for our elderly by appealing to the Ways and Means Committee and by introducing legislation identical to the bill we are now considering. I implore my colleagues, in casting your votes on this bill, to consider the plight of our senior citizens who are caught in the crunch of high prices. I urge the immediate and resounding adoption of this measure.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. COLLIER).

(Mr. COLLIER asked and was given permission to revise and extend his remarks.)

Mr. COLLIER. I thank the gentleman from Virginia for yielding me this time.

Mr. Chairman, I should preface what I am about to say by assuring Members of this body that I am certainly a strong supporter of the social security system. I feel it was one of the great landmarks of social legislation since the turn of the century.

At the same time, in making an evaluation of the program as it is on the one hand and recognizing the fact that you do reach what might be called the outer limits in terms of the future, I am constrained to remind Members of the House as we move along and increase social security benefits that we cannot do so blinding ourselves to the direction in which we are traveling. We cannot do so blinding ourselves to what the cost of the program is and how it will fall upon the young people who today are going into the labor market.

Perhaps it is not politically expedient to look at the program in these terms, but indeed, as intelligent people, we must.

The social security program, as I am sure most of the Members know, began in 1937 and, I repeat, it was a landmark piece of social legislation that certainly must be preserved as a way of life in this country. Since that time the social security payroll tax upon the employee, excluding the matching contribution which the employer properly pays, has gone up nearly 1,000 percent. It will go up, under this proposal, to a tax of $742.50 on the average working man, the average employee, and creates a situation, to get it into perspective, where more people will be paying more in social security taxes than indeed they will in income taxes.

Now let us see—and this should shake your eyeteeth—what would happen if the employee took his own contribution which, under this bill, will involve in combination with the employer contributions, $1,544 a year. Compounding his portion at interest—and if you do not believe this is accurate, then get a computer and computerize it, as I have done—compounding the interest, assuming that we did not increase the payroll taxes one thin dime after next year. The fact is that employee would have in his own account merely by putting this into a savings account each year at a rate—and we are going to assume that not even interest rates will go up—of 6 percent. That employee would have in his account at the age of 65, assuming he went into the labor market at the age of 23, $119,311.

Now, if that same annual investment, the combined contributions of the employee and the employer, were saved at a modest rate of 6-percent interest per year, at the end of those 42 years in that account, would be $221,863.

Those are the figures. I leave that with you because I believe, most sincerely, that as we must recognize the problems of our elder citizens, and we certainly must and as I said before, without blinding ourselves to the tax and cost factors. Can we proceed on our present course in the light of these figures? I leave it to my colleagues for thought.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Texas (Mr. ARCHER).

(Mr. ARCHER asked and was given permission to revise and extend his remarks.)

Mr. ARCHER. Mr. Chairman, it is with a desire to protect the soundness of the social security fund upon which retired Americans depend, and at the same time give consideration to the working taxpayer who provides the necessary dol-

lars, that I rise to speak against some of the far-ranging provisions of H.R. 11333.

In the last 3 years Congress has enacted pervasive changes in the financing of the social security system with inadequate regard to the impact these measures have on present and future generations of Americans.

The social security program has provided economic security for nearly all Americans for more than one-third of a century. But hastily considered changes of the most fundamental nature can only undermine the protection against loss of income that those paying social security taxes rightly expect.

Last July when the committee provided a 20-percent across-the-board benefit increase, dramatically different assumptions were adopted in measuring the actuarial soundness of the program. The most significant of these changes involves the assumption of "dynamic earnings," whereby the actuaries make projections about future earnings levels throughout the entire 75-year period covered by the estimates. This new system subjects cost estimates to vicissitudes that the actuaries have not had to deal with in the past. It is a complex new methodology, and it is not without controversy.

The former Chief Actuary of the Social Security Administration, Mr. Robert J. Myers, who has more experience with this system than any other human being and is widely regarded as one of the foremost actuarial experts on social security, stated that "this would be an unsound procedure." He went on to state:

> What it would mean, in essence, is that actuarial soundness would be wholly dependent on a perpetually continuing inflation of a certain prescribed nature—and a borrowing from the next generation to pay the current generation's benefits, in the hope that inflation of wages would make this possible.

In view of this admonition by a leading expert who has devoted his whole life to the program, the Committee on Ways and Means and the House of Representatives should have carefully examined these new assumptions in 1972, but did not because the bill came up late in the session and passed rapidly on the floor of the House. We should certainly at this time have examined these new assumptions carefully before providing an additional benefit increase. However, the committee reported the bill without serious examination of this new methodology.

In response to my questioning, the Chief Actuary, Mr. Frank Bayo, made it clear to the committee that the new methodology represents "a fundamental change," that "it is more difficult to make estimates on the new basis than it was in the past," and that estimates are now "subject to wider variations on the basis of actual experience."

In the past it was assumed that actual experience would vary from the estimates by no more than 1 percent of the projected level costs of the system. The actuaries tell us that under the new methodology, including the "dynamic earnings" concept, actual experience will vary by as much as 5 percent. But in spite of a greater degree of actuarial uncertainty the committee has made it clear that while 1 percent was as much of an imbalance as could be tolerated in the past, they will now tolerate an imbalance of 5 percent. Put another way, although the estimates are subject to experience variations five times as great as in the past, the committee will now tolerate a deficit in the system five times as great as in the past, and makes no provision downstream in these 75-year estimates for that deficit to be picked up.

The committee in effect has said that because the actuary's projections are less precise and will vary greater, that we can have a greater deficit in the program. In view of this new actuarial imprecision the committee should have provided for a 5-percent surplus to assure that if a mistake on the downhill side occurs we will still have enough money in the fund, but instead the committee has provided for a planned 5 percent deficit in the fund.

Let me tell my colleagues what this 5-percent deficit means. It means that during the projected 75-year period the fund will accumulate $225 billion less than is necessary to pay the benefits which we are promising to our retired older Americans. That is the amount of deficit that the committee bill permits to exist in the program. Furthermore, if the actuary's projections are off, as he says they might be, by a minus 5 percent, there will be an additional $225 billion deficit, resulting in a possible cumulative shortage of nearly one-half trillion dollars during the 75-year estimate period. These are truly astronomical figures.

I refer the Members of the House to my dissenting views in the committee report for a more detailed evaluation of my concerns as to the soundness of the new basis on which we are planning the future of the social security fund.

Additionally, in 1971 the Social Security Advisory Council recommended to the Ways and Means Committee that assets in the trust fund should at all times equal approximately 1 year's benefit expenditures but despite this recommendation the committee in this bill has placed its conscious seal of approval on a program that will result in a reduction of the fund to only 62 percent of 1 year's benefits.

Now, let us talk about the cost of living. I share the committee's desire to see that increases in benefits keep up with inflation. Retired Americans need and deserve this consideration. The facts show that we have been doing more than is necessary to achieve this goal.

From January 1, 1970, through September 30, 1973, the latest figures available at this time—social security benefits have risen by 51.8 percent, and yet during the exact same period the cost of living has increased by only 19.6 percent. We have also already enacted this year, with my support, an additional 5.9 percent increase effective next June. When the expanded 11-percent increase in this bill takes effect next June the benefits will have been increased since January of 1970 by 68.5 percent, and the inflation during that period is estimated to be 24.4 percent.

Let me also provide figures back to 1968. From January 1, 1968, until January 1, 1973, the cost of living has gone up by 25.1 percent but the social security benefits have gone up by 71.5 percent during that same period of time.

I am concerned that the cumulative benefit increases in recent years, combined with the increase in this bill, are requiring too large a rise in the already heavy payroll tax burden borne by the workers of this Nation. It is alarming to note that over 50 percent of our wage earners now pay more in social security taxes than in income taxes. If this bill passes, in January of next year the taxable wage base will go from $10,800 to $13,200 per year. This means that those employees earning over $10,800 will face a tax increase of as much as $280.40, including the employer's contribution; and that the total maximum combined employer-employee tax will now be $1,514.40 for each worker. This bill also levies on the self-employed earning over $10,800 an increase in annual taxes of up to 20.7 percent or $178.80. And a maximum total annual tax of $1,042.80. There are 20.5 million people in the United States who are making over $10,800 and this group of people is singled out to bear the brunt of the cost burden for the entire across-the-board increases in this bill.

In addition to increasing the taxable wage base from $10,800 to $13,200, there is a subtle increase in the tax rate, which will apply to everyone in 1981. At that time the tax burden will rise to 12.6 percent of covered payroll. Even with this added tax we still leave the fund with a projected actuarial deficit of 5 percent.

Another objection to this bill is that it delays the effective date of cost of living benefit increases provided in the 1972 law from January 1, 1975, to July 1, 1975.

Now, if we consider the burden we are already imposing on today's workers, we should stop postponing the automatic benefit increases provided in the 1972 law and let the escalator clause begin working. By postponing the operation of the system the committee creates the danger that benefits will be continually increased on a political basis rather than a cost-of-living basis. Before even tasting the cake we baked in 1972 we are now putting it back in the oven to bake it again, and running a grave risk of burning it up.

I have other reservations, Mr. Chairman, about this bill.

We should examine elimination of the retirement test so that older people who have paid in their money to social security can still draw their benefits when they desire to continue working. Beginning in January, a recipient cannot earn more than $2,400 a year without suffering a loss of his social security benefits which he rightly deserves. This puts him in a different position than people retiring on most every other type of program in the country. I think it is greatly unfair.

We have talent in our older people, talent that is being prevented from implementation in our system through this limitation. If individuals pay into the system all of their lives in order to receive wage-related benefits as a matter of right when they retire at age 65, they should receive these benefits and not be

penalized because of the individual life style they prefer to follow in their later years, that is, if they prefer to work.

For further reservation about this legislation, I associate myself with the comments of the gentlewoman from Michigan (Mrs. GRIFFITHS), who has done an outstanding job in pointing out objectionable provisions for Federal funding of supplemental State benefits under SSI. Under this bill, for example, Texas taxpayers would be asked to pay a portion of the cost of higher welfare payments in the State of New York.

Let me talk again about the matter of inflation. The impact of this legislation will cause a unified budget deficit in fiscal year 1974 of $1.1 billion and an additional deficit of $1.15 billion in fiscal year 1975. These deficits will have a further inflationary impact across the board for all Americans.

On top of that this bill sets up an administrative burden of implementation unprecedented in the history of this country. Never before have we passed two separate social security increases effective in one calendar year. Yet this bill does.

Compounding this administrative problem the committee has added two increases in the same calendar year on SSI—supplemental security income—Federal welfare payments. The effect of double increases in both social security and SSI will result in extra administrative costs of over $4 million to HEW in computing and delivering accurate benefit checks.

In conclusion, Mr. Chairman, we must strengthen the insurance basis of the social security system if it is not to simply become another welfare program. Such a result would be a tragedy to millions of Americans who pay social security taxes during their working years with the expectation that they will receive benefits as a matter of right when they retire.

I am also concerned that the increase in expansion of social security may unduly impinge on private economic security measures. Social security is an important part of the retirement plans of nearly all Americans, but they should remain free to express individual preferences about current consumption and savings. When they choose to save they should have alternatives to a compulsory Government program.

Mr. Chairman, there comes a time when we must ask ourselves, "Where are we going?" There comes a time when we must be concerned about the degree to which we are mortgaging our children's earnings, when we must be concerned with the tax burden on the workers of today and when we must be concerned with the soundness of the fund which all retired persons depend upon for their later years in life. In my opinion, that time is now.

I do not think this bill makes us stop and take a thorough inventory of where we are going, not when we are consciously reducing the fund to only 62 percent of 1 year's projected benefits, not when we are subjecting the fund to a possible deficit of one-half trillion dollars during the 75-year period covered by the estimates.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I wish to compliment my colleague from Texas for his very thoughtful and rational presentation of some substantial defects in this legislation. I know it is not easy, and that the social security system has become a sacred cow; but no one is really willing to take a hard look to see if the kind of problems the gentleman has suggested are real or unreal.

I know it takes a special kind of courage to do this. I compliment the gentleman. I believe he has made some very rational points.

My colleague Mr. ARCHER has reviewed the following facts:

First. This House with this bill H.R. 11333 will have increased the benefits by 68.5 percent since January 1970, while the Consumer Price Index has only gone up 19.6 percent in the same period.

Second. This represents a tax increase for 20 million middle-income Americans who tend to bear more and more of the burden of government.

Third. The committee has failed to properly evaluate the actuarial assumptions with the end result that the cost will undoubtedly be much more—in billions of dollars—which means more deficit financings; that is, more tax dollars for interest charges for debt.

He has made it clear that he does not want to destroy the system, but improve it and eliminate unnecessary compulsion. I think he is to be complimented for trying to bring this to the attention of the House.

Mr. ARCHER. Mr. Chairman, I thank the gentleman from California for his comments.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. WIDNALL).

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. WIDNALL. Mr. Chairman, I am pleased to rise in support of this bill, H.R. 11333.

To briefly summarize the legislation, it provides for a 7 percent increase in social security benefits in April 1974, and an additional 4 percent increase in July 1974. To pay for the raise in benefits, the bill would also provide for a broadening of the wage base for social security taxes.

I am also pleased that H.R. 11333 includes an automatic cost of living increase to begin in June 1975, should costs rise more than an annualized rate of 3 percent for the previous three or four calendar quarters.

For my own part, in my congressional district and as a member of the House Republican task force on aging. I have found that many older Americans encounter difficulty living in the comfort and dignity to which they are entitled after productive lives as wage earners and parents. The recent tremendous increases in the cost of living have made this even more apparent, and I believe if we in Congress had waited until next July to make a social security benefit increase effective, the Nation's senior citizens would have found it even harder to live on their small annuities.

After paying taxes all their lives, our older Americans have the right to be as independent and active as possible. Additional social security payments will assist them in this respect. The sad plight that many of them face must not be forgotten. This is why I am supporting this bill, and urge my colleagues to do likewise.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from New York (Mr. CONABLE).

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Chairman, I expect to vote in favor of this social security increase. I do so with reservations and with concern about the future of the social security system. I am not sure my vote is correct and in the best interests of all the people who depend increasingly on the social security system for financial protection during their retirement years. We are all concerned about the difficulties old people have in making ends meet as inflation reduces the effectiveness of their resources, and this concern has been translated into politically motivated legislative action repeatedly increasing social security benefits across the board. Any single vote to do this can be justified in a vacuum, but at some point in this repeated response to natural sympathy for the elderly some responsible agency of Government must put the process in a long time perspective which reflects the obligation we must meet to the soundness of the system. Frankly, nobody is worrying about where we are headed with social security. We would better not put off a careful review much longer if we are to face the next generation with as much sympathy as we are here showing to the last generation. Ninety million people now paying payroll taxes as an investment in their retirement income have a right to consideration, too.

I want to pose some questions, today. They are only questions, because I don't know the answers. If I knew the answers, perhaps I would not vote for this bill—or perhaps I would think it inadequate. Anyway, I want these answers before we go through this vaguely degrading exercise and vote an across the board increase again, probably sometime before the next election. I would think every person in this Chamber would feel the same way. Here are the questions I want answered, and the reasons I think they are appropriate:

First. How far can we expand our payroll tax wage base without seriously undercutting the voluntary private pension plan movement? This bill puts the wage base at $13,200 as of next January 1. It will go up again to finance cost of living escalations already built into the law, and because our tax rate is already so high, will doubtless be raised to finance future benefit increases also. There will be no "cushion" to finance future benefit increases under the exist-

ing tax structure because we changed the actuarial assumptions last year—without study—to assume the increasing wage level and annual inflation which gave us windfalls in the past. Ever higher wage bases put social security in competition with the middle area pension and profitsharing funds with which industry rewards its midde group of employees. Maybe we do not want to encourage use of voluntary private pension in industry: certainly we could not discourage them more effectively than by expanding the social security wage base and resulting social security benefits into the same salary and retirement levels. Should we not continue to encourage pluralism in this field? Do we really want to put all our eggs in the social security basket?

Second. Are not some basic reforms increasingly needed to keep social security in the real economic world, rather than in the world of the past? To do equity without reducing anyone's benefits costs money, and in a closed system like social security money spent for an across-the-board increase cannot be used to make the system fairer. For instance, how long can we ignore the plight of the working wife? Forty-three percent of the work force is female—up sharply from the days when social security was organized—but unless an employed wife makes more money than her husband her contributions in payroll tax cannot enhance her pension in the normal situation, and from her point of view it is a lost payment, subsidizing higher pensions for somebody else.

Mrs. GRIFFTTHS. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. Yes; I yield to the gentlewoman from Michigan.

Mrs. GRIFFITHS. Mr. Chairman, I congratulate the gentleman. This is an extremely important point the gentleman is bringing out, and I do hope he continues on this point.

I would like to point out that with the base going to $13,200, we are going to have millions of couples in this country who are going to be paying in on a $25,000 income, neither one of whom, as a survivor, will ever draw as much as the widow of the man who paid in at $13,200.

Mr. Chairman, we need to reform social security.

Mr. CONABLE. Mr. Chairman, I would like to thank the gentlewoman for her contribution.

I must say that the gentlewoman's interest in this field is well known, and her reputation is very well deserved.

Mr. Chairman, because it's politically expedient to give an across-the-board increase as we are today, we turn our back on the working wife and ignore other possibilities for the equity which can result only from continuing reform.

Third. Who are the people at the bottom of the social security scale? Are they poor, or beneficiaries of some other system who moonlighted enough to get a minimum social security pension? At this point we do not know who they are, but they get more in relation to their contribution than anyone else, and apparently we have not cared enough to find out if this is socially justifiable. So we go on assuming they are the poorest of the poor, giving the whole system a bias in their direction on that assumption and to that degree eroding the wage-related assurances we have given those who year after year pay substantial sums into the system. To get more money to these assumed poor, we pump up the whole system, sapping its strength and stability.

In effect, what we are doing is shifting more and more of the burden of welfare onto the backs of the wage earners and off those whose taxes reflect unearned income. Our new SSI system, due to take effect January 1 and greatly reducing the allegedly demeaning impact of welfare for the aged, could be an alternative for the truly poor which would transfer the welfare functions of social security back to the general taxpayer. But that will take some doing, and in the meantime we talk about the poor to justify social security increases far beyond not only the cost-of-living increases but also actuarial, fiscal, and economic stability.

In addition to these basic questions, there are countless other areas which a basic study of the system must probe before we plunge on down the road which leads we know not where. How high a payroll burden is economically justifiable, and what is its relation to our chronically high unemployment rate? How sound is the system actuarially, and can we justify a higher imbalance now when our new assumptions of last year reduced the margin of safety in the figures? When the ripple effect of a social security increase has an economic impact far beyond other types of government spending—since the elderly have little incentive to save—should not we worry more amout economic timing and less about political timing? How big a trust fund should be have, and has trust fund manipulation possible under the unified budget system encouraged unsound fiscal policy? Is the earned income ceiling realistically related to the current benefit question need to be answered. We cannot go on embarrassedly pretending they are not there and that we can afford continuing knee-jerk reaction to an opportunity to vote a benefit increase.

Having raised all these questions, and having voted against the 20-percent benefit increase last year, I owe my colleagues some explanation of why I intend to vote for this particular increase regardless of administration attitude, as yet unexpressed. There are several reasons: First, administration spokesmen appeared before my committee and indicated their satisfaction with proposals which did not differ markedly from this one, although they eased its fiscal impact in fiscal 1974. The Social Security Advisory Council has not been functioning, although we are assured it will be soon reconstituted, and so the administration is not in a position now to come forward with carefully prepared recommendations.

Next, I am satisfied that a substantial benefits increase is indicated at this time following the big runup of food prices this spring. Old people pay much more of their fixed income for food than do other age groups.

But lastly, I want to say that the procedure followed by the acting chairman of my committee has left me much less reason to protest than was true at the time of the 20-percent increase last year. While we did not have time to probe the basic questions I have suggested Mr. ULLMAN did arrange for the committee to have several days of discussion of the proposal, which was not then attached to a veto-proof vehicle like the debt-ceiling increase. I want to express my gratitude for leadership which permitted us this degree of understanding. I am sure, also, that our conferees will not permit the other body to victimize us with the usual numbers-game type of bidding which has been possible with other procedures.

In summary, Mr. Chairman, I intend to vote for this bill, although I have no way of proving even to my own satisfaction that it is a proper vote in a long-term sense. It will surely be a wrong vote unless some responsible agency of the Congress follows with a careful study of where we go from here. I call upon the majority leadership of this House to insure that such a study takes place.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. VANIK).

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, I would like to take this time to ask our distinguished colleague from Oregon, the acting chairman of the Committee on Ways and Means, as to the problem which developed when some of the members of the committee—and I was among them—endeavored to bring about a program which would make the social security benefit increase available as early as January 1. Will the gentleman from Oregon, the distinguished acting chairman of the Ways and Means Committee, tell the committee about the leadtime that is now required by the Social Security Administration is in order to bring about a payout of benefits commensurate with the cost-of-living increases?

Mr. ULLMAN. Will the gentleman yield?

Mr. VANIK. I yield to the gentleman.

Mr. ULLMAN. I would respond by saying that I was shocked, and I think most of the members of the committee were shocked, when the administration told us there would be a minimum time of 5 months to implement a refined benefit increase. This compares with the previous 3-month timelag that existed a year or a year and a half ago.

I am putting in the RECORD an explanation from the Social Security Administration giving us their rationale and their reasons as to why it takes this much additional time.

However, they insisted on their position, saying that there was no way they could implement it in less than a 5-month time frame.

Mr. VANIK. I thank our distinguished chairman.

I want to say, Mr. Chairman, this disclosure about the leadtime required to implement the social security benefit came after we had had several days of hearngs and discussions on this problems. It came as a shock to me as it did to our distinguished acting chairman and to other members of the committee.

I felt that the information had some relationship to the administration's desire, perhaps, to hold back on the social security increase throughout fiscal year 1974. Under the circumstances in which discussions began to take place in the Senate and in this body on the social security increase, it was certainly incumbent upon the Social Security Administration to advise the Committee on Ways and Means and the Finance Committee of the Senate that a leadtime of perhaps 5 or 6 months would be required in order to bring about the increased benefit payouts.

When I discussed the problem of the leadtime required by the Social Security Administration to pay higher benefits with one of my constituents, Mr. Thomas C. Westropp, president of the Women's Federal Savings & Loan Association of Cleveland, he wrote me as follows:

Recent statements carried by the news media have indicated that the Social Security Administration would be unable to comply with any forthcoming Congressional mandate to increase benefits until next May or June, because of necessary computer reprograming. In view of the fact that these benefits are sorely needed by a great number of our citizens it would seem that some emergency measures should be taken to overcome the mechanical difficulties.

One such approach that seems feasible to us would be the issuance of a schedule to all financial institutions authorizing them to pay incremental sums above the face amount of the checks by making simple monetary adjustments. For example: If the recipient receives a check for $100 and the value of the new benefits is $107, the financial institutions can be authorized temporarily to pay $107 and so indicate the disbursed amount above the endorsement on the check. Reimbursement of the sum to the paying agency would be accomplished through the clearinghouse.

This authority for an interim of time only would allow Congress and the Social Security Administration to respond immediately to the critical needs of people benefiting from these payments.

This very meritorious suggestion indicates a method by which social security benefit increases might be immediately paid out.

I want to say that while I favor a much earlier benefit payout than is possible under this legislation, I feel the committee responded as best it could to the problem of adjusting social security payments to the higher benefit levels.

I am pleased to support this legislation. I regret, however, Mr. Chairman, that we have failed to do something that ought to have been done about the social security retirement income test, that part of the income which is exempt. I think that the case is well made today for an exempt income retirement test of no less than $3,000. I think people who are on social security with no other form of income, without any other form of support, are in a rather distressing situation, and need to supplement their social security payments by some outside income. As I understand it, the social security actuaries estimate that under the present system of automatic changes the annual income exempt under the retirement test will be $2,400 for 1974, $2,520 for 1975, $2,640 for 1976, $2,880 for 1977, and $2,880 for 1978. So what we see in this projection is an even wider gap between the amount of social security received by those in the lower echelons and the rising cost of living. I think that an adjustment of the retirement test must be included in legislation next year.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. Mr. Chairman, I yield 1 additional minute to the gentleman from Ohio.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I am happy to yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I thank the gentleman from Ohio for yielding. I am just curious to know whether there was any testimony offered as to why those lower levels of income earnings had to be kept at this level? Is there some rationale for this?

Mr. VANIK. I would yield to my chairman, Mr. ULLMAN, for a reply to that inquiry. We had some testimony from the actuaries.

Mr. ULLMAN. Mr. Chairman, if the gentleman would yield, this is one of the highest cost items in the system. And we are, as the gentleman from New York knows, trying to improve the base for the social security system, and therefore it was felt at this time we could not make that additional benefit because of the cost factor.

Mr. PEYSER. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. ULLMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New York (Ms. ABZUG).

(Ms. ABZUG asked and was given permission to revise and extend her remarks.)

Ms. ABZUG. Mr. Chairman, I support this bill, and am opposed to the amendment offered by my colleague, the gentlewoman from Michigan, because it would make it impossible for poor old people, the disabled and the blind in this country to live within this income.

Under Public Law 93-66 and sections 4(a) and (b) of this bill all SSI recipients in the 20 States with current aid to the aged, the blind, and the disabled payments below the $130 level per month for individuals and $195 per month for couples will receive increases equal to the full $16 and $29 per month, respectively, provided in these amendments. These increases will be entirely at Federal expense.

Section 4(c), of this bill, allows those States that are supplementing the Federal minimum to pass on to recipients, at Federal expense, 62.5 percent of these increases.

The elimination of 4(c) would provide not $1 of increased benefits to SSI recipients in New York State as well as recipients in California, Hawaii, Massachusetts, Michigan, Nevada, New Jersey, Pennsylvania, Wisconsin, and possibly Rhode Island. Instead of receiving a cost-of-living increase, New York State's SSI recipients remain frozen at 1972 payment levels unless the State accepts the entire cost of increased supplementation.

When Public Law 92-603 was passed we wrote into it protection for the State's against the cost of supplementing the increased Federal caseload by limiting a State's fiscal liability for supplementation to actual calendar 1972 State and local assistance outlays for the replaced categorical programs if supplementation is federally administered and State benefits do not exceed average actual assistance and food stamp benefits in the State in January 1972. This is the "adjusted payment level."

Because of the arithmetic of State supplementation State and local governments in New York would not save $1 if we pass sections 4(a) and (b) without 4(c).

In New York there will be 271,000 people starting to receive SSI benefits in January. These are people who are trying to make ends meet in a period of continually escalating cost. In the last 3 months alone the cost of living has increased at an annual rate of 10.2 percent and the food component of the cost of living has gone up an astronomical 28.8 percent in that period. We are not talking about giving people thousands of dollars but of allowing people an extra $10 per month. It is simple justice.

I urge the adoption of this bill as reported by committee.

Mr. ROSENTHAL. Mr. Chairman, today we are voting on legislation for a two-step 11-percent increase in social security benefits to be paid next spring and summer.

Frankly, I must admit I am disappointed with the delay. This increase is supposed to meet the rise in the cost of living for the year ending June 1973, but payment is being delayed nearly a year.

Social security recipients should not have to wait until next year to meet last year's inflation. Especially in light of the soaring increase in the cost of living and the worst inflation in our history. America's 21 million elderly citizens need our help now, not a year from now.

More than 2 months ago, I introduced H.R. 10236 with nearly 110 cosponsors. My bill would have made next year's social security increase effective immediately. The Senate promptly enacted this measure in early September.

I have received hundreds of calls, visits, and letters from my district and from around the country in support of this legislation. It is abundantly clear to me that most Americans are in a desperate plight because of drastically higher prices for food and other essential items. Shoppers have had their incomes practically drained because of rapidly accelerating rises in the cost of living.

While the administration has been lax in its restrictions on the big firms which are showing tremendous profits, its misguided economic policies have forced the elderly into a precarious position which has become intolerable.

The Agriculture Department predicts food prices alone will rise at least 20 percent this year and wholesale prices already have reached their highest level in history. Those hardest hit by such developments are the poor and the elderly, persons who traditionally live on small, fixed incomes and spend 30 percent of their disposable income on food.

There is nothing inflationary about giving these persons a few extra dollars a month. The average retired individual gets $162 a month; his benefits will go to $173 in March and $181 in June. The aged couple now receiving $277 a month will get $296 after March and $310 a month starting in June.

Nearly 3 out of every 4 Americans over the age of 65 have annual incomes below $3,000, including 2.5 million persons with no income at all.

Mr. Chairman, we must not stop here. This 11-percent increase in benefits will be helpful, but our elderly citizens on social security need much more. That is why I have introduced H.R. 6958, a bill to raise cash benefits by 35 percent and to make other needed improvements in the social security program.

Features of this bill include:

First, payment of benefits to married couples will be on their combined earnings record, thus ending discrimination against the working wife;

Second, extension of social security coverage, including medicare, to Federal, State, and local employees, at their option, including postal workers;

Third, removal of the limitation on outside earnings; social security is insurance which the worker paid for, and he should not be denied the benefits because he has provided for other income in his old age;

Fourth, improvement and expansion of medicare coverage;

Fifth, lower the age of eligibility for men and women to 60.

The administration wants the elderly to pay an additional $1.9 million in their medicare costs in an effort to establish a cost awareness on the part of the medical care consumer. This is absurd. Cost-consciousness is not a trait we need to teach our older citizens. It is a trait we should learn from them. Yet, the administration is telling people who must count out pennies for a newspaper or nickels for a quart of milk that they must hold the line on costs. I wish the President would show such cost-consciousness for the multi-billion-dollar cost overruns in the Pentagon.

My bill would not increase the burden on medicare recipients as the President proposes, but reduce it by:

First, eliminating the coinsurance payment requirement for supplemental part B coverage for persons with a gross annual income below $4,800;

Second, providing home-care prescription drugs under supplemental coverage;

Third, reducing to 60 the age of entitlement to medicare benefits;

Fourth, offering free annual physical examinations for the elderly;

Fifth, eliminating the 100-day limit on post-hospital extended care services;

Sixth, extending coverage to all disabled persons, regardless of age.

On the average, an elderly person pays $791 a year for medical bills, and the price keeps going up. Hospital and doctor costs are rising rapidly, well ahead of the overall cost of living.

My bill provides optional free annual physical examinations for the elderly in order to encourage preventive care rather than rely on crisis treatment. Not only will this measure contribute to a healthier population but it also will save more money in the long run than would the administration's shortsighted method of creating a cost-consciousness by raising the price of coverage.

Not only should we promote inhospital and posthospital care for the aged, but we must also resolve to ease the financial burdens of necessary prescription costs. The elderly spend about three times more per capita on prescription drugs than the rest of the population. In 1970, that came to $50.94, compared to $16.29 for persons under 65.

My bill would extend medicare coverage to include out-of-hospital drugs. This is something I have long advocated and which has been endorsed by the White House Conference on Aging, the President's own task force on aging, the 1971 Social Security Advisory Council and the Department of Health, Education, and Welfare's task force on prescription drugs.

This specific proposal, I believe, will have a significant side benefit. Many times the elderly must be admitted to hospitals in order to qualify for medicare coverage of drug purchases that could otherwise be prescribed on an outpatient basis. This proposal will not only eliminate this unfortunate use of much needed hospital space, but will avoid the potentially tragic psychological impact that a hospital stay can have on older people. This is a price that the elderly should no longer be expected to pay.

Every part of this bill affords effective, tangible and solvent ways of correcting the question it deals with. We all face a common aging problem. We must provide and plan for a retirement period of indeterminate length and uncertain needs. In 50 years, 15 percent of all Americans will be over 65, a third of these, 15 million, will be over 75. My bill will help eliminate many of the spiraling problems that have plagued our country's aged. It must be kept in mind that social security is not charity, but insurance bought and paid for by American workers.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. CORMAN).

(Mr. CORMAN asked and was given permission to revise and extend his remarks.)

Mr. CORMAN. Mr. Chairman, I agree with my colleague that it would be well worth our while to devote a substantial amount of time to a complete overhaul of the social security system. The fact of the matter is we have taken some new steps which are going to make that easier to do.

For years, many poor people in this country have been living only on their social security pensions. In our humane effort to give them some slight increase in their living standard, we kept increasing their social security minimum. This was done to help those persons who lived in States where there was inadequate supplementation for the aged, the blind, and the disabled.

On January 1, 1974, we begin a Federal program providing minimum benefits for what we called the adult category, paving the way to remove the former social security minimum and making social security benefits reflective of the amount paid in by a worker. I hope we do that. It is the only way we will be able to adjust the maximum social security benefits upward so that they will reflect what an employee has been paying over the years.

Regarding this proposal, there was some discussion whether or not it is actuarially sound. I suggest to the Members that it is. We recognize that the social security tax rate is a great imposition upon low-income workers. It is a real cost of 11 percent on the first dollar anybody earns. It is paid half by the employer, but it is money that probably would go to the employee.

In this proposal, we avoided a rate increase by increasing the wage base and still keeping the program actuarially sound. That means for anyone who earns $10,800 or less, there will be no social security tax increase. Those who will feel the bite are the ones earning from $10,800 to $13,200. Those earning substantially over $13,200 probably will not miss the dollars quite as much as those who are right at that level. It seemed to the committee that the increase in the wage base is the only reasonable way to finance a desperately needed benefit increase.

The administration made great objections to any increase that would be paid out in this fiscal year—for one simple reason: The President wants to borrow money from the trust fund to finance his general budget. The fewer benefits we pay out this year, the more he can borrow from the trust fund. This increase means that there will be about $1.1 billion less for him to borrow from the Social Security Trust Fund. He will have to go out and borrow the billion-plus someplace else.

Briefly, about the Griffiths amendment: when the committee looked at what we ought to try to do now for the aged, blind, and disabled—those who are really the poorest of all the poor people in this Nation, and when we looked at the terribly high cost of living, especially the cost of groceries, which is by far the biggest item in their budget, we said they just have to get more money and we have to get it to them as quickly as possible.

At the time we enacted the SSI program for the aged, blind, and disabled, we set the Federal minimum payment to go into effect January 1, 1974 at $130 a month for a single person and $195 for a couple, and we thought that was a reasonable floor. For those States that were paying the aged, blind, and disabled more than the Federal minimum—and they are primarily the 10 larger States where most of these people live—we agreed to hold the States harmless from any increase in State costs if they retained their existing benefit levels.

All we are saying in the legislation under discussion today is that the $130 is too low; that we are going to move it up to $140; and for those States that supplement, if they will still supplement the total dollars they spent in 1972—we will let them pass on the additional $10 to their aged, blind, and disabled. It is the only way we can get the $10 increase to these very needy people.

It is not a matter of States being rich or poor—or of States being willing or unwilling to meet that need. The fact is that it is the only way we can get the extra $10 to these aged, blind, and disabled in January 1974.

There are two competitors in this matter: On the one hand, the Federal Treasury; on the other hand, the poorest of the aged, blind, and disabled people of this Nation. What we are talking about on the Federal Treasury side is $175 million. On the other side, we are talking about 33 cents a day for an aged, or blind, or disable person, or 50 cents a day for a couple.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. CORMAN. I thank the gentleman for yielding time.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CORMAN. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself with the remarks of my distinguished colleague, the gentleman from California. He has really zeroed in on the problem here. What we are dealing with here is the blind, the disabled, and the elderly, the very poorest of the poor, and it seems to me that this great and affluent Nation of ours should not be zeroing in on economy at the expense of these poor and unfortunate people who are faced with the spiraling cost, the high cost of living, the escalation of prices, food prices, and now fuel prices, and all the dreaded costs that are going to be heaped upon them come January 1.

I certainly wish to be associated with my colleague, the gentleman from California, and I commend him for his statement.

Mr. CORMAN. I thank the gentleman from Massachusetts.

I would like to make two points. First, let us look at what the hold harmless means as far as California is concerned. It applies identically to all ten of the States involved.

If we do not retain the committee's position, the Federal Government will give $10 more to each single aged, blind or disabled person in 40 States—and $15 more to a couple—but not an additional penny to the aged, blind, or disabled in the 10 States where most of these people live.

California is spending its own money in trying to give a reasonable living standard to these persons in the State, but what does that standard mean for them? For a single person living alone now, it means $211 a month, plus $10 worth of food stamps. I cannot feed my family on $221 a month, and I doubt that any Member here can. There is rent to pay, and utilities, and clothing to buy, if there is anything left for clothing. What we are really talking about here is rationing—out of $221 a month—for food, for clothing, for shelter, for other essentials to keey body and soul together. What I am trying to get us to do is merely to increase that person's food rationing 33 cents a day.

In New York, the average payment to a single aged, blind, or disabled person presently is $207, including food stamps. In Michigan it is $200; In Pennsylvania $146 plus a bit for food stamps; and in Massachusetts $207. In these States, as well as in the other affected States, if we do not vote down the Griffiths amendment, those of the aged, blind, and disabled who also get small social security checks, are going to be hearing about an 11-percent social security increase and about a $10 increase in the basic Federal SSI payment when they are transferred into the new Federal program—but they will end up receiving the same amount of dollars as if we had not increased social security or SSI. And these are the persons hurt most by increasing costs of food, rent—and now, even fuel oil to heat their houses. These are the persons also hurt most by the devaluations of the dollar the Nation has experienced over the past couple of years. And to neither situation—inflation nor devaluation—have they contributed; they are only the victims.

The question is not the Federal Government versus the rich States. The question is the Federal Treasury versus the poorest of the aged, blind, and disabled people of this country. There is no Federal expenditure we will make in the 93d Congress that will be more meaningful than to assure these people that they will also get a pitifully small $10 increase to buy food.

I urge the Members to support the committee's recommendation and to vote down the Griffiths amendment when it comes up for a vote.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. OBEY).

(Mr. OBEY asked and was given permission to revise and extend his remarks.)

Mr. OBEY. Mr. Chairman, while I applaud the increase in benefits in this bill I have some questions about the financing aspects of it.

Mr. Chairman, I rise in support of this bill's provision for a two-step, 11-percent cost-of-living increase in social security benefits. Last year the Congress committed itself to maintaining the dollar value of a social security pension by providing for automatic cost-of-living increases in benefits, effective in January 1975. It is now painfully clear that the interim 5.9-percent cost-of-living increase, scheduled to take effect next June as an advance payment toward the first automatic increase, will be wholly inadequate.

While I applaud the provision of an 11-percent increase in benefits, I have some questions about other provisions of the bill affecting the financing of the social security system and about the actuarial assumptions on which those changes are based.

Under the bill, the tax rate for hospital insurance—now a flat 1 percent—would be reduced in 1974 to 0.90 percent and stay there through 1977. In 1978, the medicare rate would rise to 1.10 percent—instead of the 1.25 percent provided under present law—and stay there through 1980.

By virtue of this change, the health insurance trust fund would forgo $1 billion in income in calendar 1974. For the fiscal years 1974 through 1979, according to the committee report, the health insurance trust fund will receive $9.8 billion less income than it is expected to receive under present law. Over the course of those 6 fiscal years, nearly $10 billion will in effect have been transferred out of the health insurance trust fund and into the old-age and survivors and disability insurance trust funds.

It is hard to get used to this idea, for two reasons. First is that the health insurance trust fund used to be ailing. It is the one that was underfinanced and headed for bankruptcy. Now, suddenly, it is in the pink of health, thanks to a combination of factors, including an increase in the health insurance contribution rate this year from 0.60 percent to an even 1 percent and the restraints that the economic stabilization program have imposed on medicare costs. In the short run, in fact, the health insurance trust fund is now regarded as overfinanced, since its estimated reserves at the end of 1977 would amount to more than 100 percent of the following year's estimated outgo.

The other reason is that I have introduced legislation—now cosponsored by 111 other Members of this body—to provide an outpatient prescription drug benefit under medicare. This would be a much needed maintenance drug program for the elderly who suffer from certain specified chronic illnesses. The official cost estimate for this program, made last year for the Senate Finance Committee, was $740 million for the year beginning July 1, 1973.

In previous year, when I was proposing a comprehensive outpatient prescription drug program, the principal objection I heard was that it would be too expensive. Then, when the proposal was scaled down and tailored to the elderly who are most in need, I was told that there was not enough money in the trust fund.

Suddenly, when it appears that the health insurance trust fund will have more than enough money to finance a maintenance drug benefit, that income is diverted for OASDI purposes. As far as I am able to determine, no one has given any thought to the possibility of keeping that money in the fund to finance a maintenance drug program. Ironically, I received a letter only yesterday from a constituent whose husband, 63, suffers from Parkinson's disease. They spend $120 a month for prescription drugs.

What I want to question is the committee's contention that the old-age, survivors, and disability insurance program now shows a serious actuarial imbalance that must be corrected by increasing the income of the OASDI trust funds. Here is the chronology of progressively more bleak actuarial projections:

July 16: The 1973 annual report of the trustees of the OASDI trust funds says current estimates show a long-range actuarial imbalance of minus 0.32 percent of taxable payroll, a deficit of about 3

percent of the long-range cost of the program.

Next, according to the gentleman from Texas (Mr. ARCHER), it was increased to minus 0.42 percent when we enacted the 5.9 percent benefit increase to take effect next June.

October 30: Again according to Mr. ARCHER, a pamphlet prepared for the committee said the OASDI program was out of balance by minus 0.68 percent. A few days later, he notes, committee members were given another estimate indicating it was out of balance by minus 0.76 percent of payroll.

I know that we all want the trust funds to be actuarially sound, given the new dynamic actuarial methodology we are using. I also note this statement in the report of the trust funds' trustees:

Variations in the actuarial balance (in either direction) arising from short-term fluctuations in consumer prices and average covered earnings are inherent in the actuarial methodology now employed. Over the 75-year period of the estimates short-term fluctuations could be expected to be in both directions and somewhat offsetting, and relatively small deviations from exact actuarial balance should not call for changes in the contribution schedule.

Mr. Chairman, I do not want us to jeopardize the future health of the Social Security System. But I would be more comfortable if I knew that the financing changes proposed by this bill are in accord with this bit of advice from the trustees of the trust funds, and that we are not unnecessarily diverting money from the health insurance trust fund that could and—in my view, anyway—should be used to finance an outpatient drug program.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. BURTON).

Mr. BURTON. Mr. Chairman, I would hope that the proposal advanced by our distinguished colleague, the gentlewoman from Michigan (Mrs. GRIFFITHS) will be rejected. I do that for the following reasons.

As we all know, in January, a few months from now, we are moving into a new program providing a federally established minimum payment to the aged and the blind and the crippled of our country, and that program also carries with it a very thoughtful and much improved financing arrangement that ultimately redounds to the benefit of the Federal Treasury.

Let us contrast the law today with the law as it will be in effect in January. As of today all of the States receive at least 50 percent Federal matching for welfare payments made to aged and blind and disabled persons, and a number of the States receive some larger percentage, up to approximately 83 percent.

After the new law takes effect, a majority of the States will receive an increase, in effect, of their Federal matching funds, that is currently from 50 percent to 83 percent, to 100 percent Federal matching. But for some States, some 10 or more who today receive 50 percent Federal matching, the effective matching for these States is reduced as a percentage from 50 percent to perhaps one-third or perhaps 25 percent.

Now although it is very difficult without the utilization of visual aids, permit me to describe I hope in simple and understandable terms its application in at least the State of California.

As of today California's average grant is $120 a month or so in the aged program. California today receives 50 percent matching or $60 a month on the average for each recipient receiving aged aid.

In January, taking the new financing arrangement and applying it to that same older person whose benefits must be maintained because we have passed a law requiring their benefits not to be reduced, the following is the Federal commitment to California:

The Federal Government is obligated as of now to provide an assured level of income of $130; but all outside income, and that is mainly social security, is used to reduce the Federal commitment.

Under this bill the proposal is that the $130 assurance per month is to be raised to $140, so let us stay with that latter figure for purposes of this illustration. After the Social Security increases in the bill, the average income for an aged recipient in our State will be, approximately $100 a month of outside income, so under the new financing arrangement in California that aged person for whom we shall receive $60 Federal contribution in December, we shall receive $140, less the $100 on the average, or an average of $40 for that same recipient. Mrs. GRIFFITHS has pointed out—and she is correct—that this does not take into account the $20 per month disregard which is available to some 75 to 80 percent of our adult recipients.

(At the request of Mr. ULLMAN and by unanimous consent, Mr. BURTON was allowed to proceed for an additional 3 minutes.)

Mr. BURTON. Mr. Chairman, so where, as in December, we shall have really on the average a $60 Federal contribution, we shall after the effective date of the increases receive on the average a $40 contribution. Obviously, that is a result that could not pass political muster.

So the distinguished chairman of the Committee on Ways and Means constructed the cheapest and most efficient method of seeing that States like California were not discriminated against by having their effective matching reduced by one-third—which I have now restated for the fourth time and stand on—by providing that there be a hold-harmless provision. It is the operation of the hold-harmless provision that results in the restoration effectively to the higher cost-of-living or higher grant States of, roughly, the 50 percent.

This proposal suggests increasing the Federal commitment by $10—$10 I might note will come virtually entirely out of Federal funds. Under the wise financing, constructed by Chairman MILLS, all of the offsetting increased social security income will be used to reduce the Federal General Fund obligation to meet this Federal commitment of $140 a month.

The increase of $10 to all in the lowest grant States is entirely Federal money and all of us in the higher cost-of-living States applaud—do not decry—that the person in the lower income States receives this increase as a matter of full Federal financing. But do not deny to us the same option to receive and pass through to our elderly poor the equivalent $10 increase, because we have given up, in the process of the new financing, the 50 percent savings that otherwise would have redounded to the higher grant States because of the social security increase, by acceding to Chairman MILLS' thoughtful and wise request that all that increased income will be used to offset the Federal cost to pay the Federal minimum.

Mrs. GRIFFITHS. Mr. Chairman, will the gentleman yield?

Mr. BURTON. I yield to the gentlewoman from Michigan.

Mrs. GRIFFITHS. Mr. Chairman, the gentleman continues to invoke the name of the Chairman. Chairman MILLS was present when we guaranteed that the gentleman's State and mine would not have to pay more because of SSI, which would go into effect next January 1, than they paid in 1972. That is what is, in effect. It has not been repealed.

The only thing your hold harmless does now is protect you and me from the increases way above that $210 that are now being voted. Mr. MILLS was not present when this was even talked about in the committee, so he had nothing to do with it.

But in addition, while the gentleman keeps talking about this, he fails to note that there are two social security raises going into effect next year. No State has ever held harmless an SSI recipient against a social security raise.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. ULLMAN. Mr. Chairman, I yield 3 additional minutes to the gentleman from California (Mr. BURTON).

Mrs. GRIFFITHS. And you do not intend to do that either. There is nothing in here that would hold you harmless. There is nothing in here that will hold you harmless.

Mr. BURTON. Mr. Chairman, I decline to yield further for the purposes of this point: The overwhelming majority of States have disregarded, for their adult recipients, social security increases, to the extent permitted by the Federal Social Security Act, and that is a fact.

Mrs. GRIFFITHS. No, I talked with every State. They do not protect against social security, do not protect against the veterans increases. What the gentleman is asking here is for a one-shot increase, for SSI only. He is not saying harmless against the social security increases or the second SSI increase.

I am saying to the gentleman again, he is not protecting the poorest people. The poorest people are the people who are getting social security minimums or small amounts and who, because of some small asset, are not eligible for any SSI. Those are the poorest people.

Mr. BURTON. Mr. Chairman, I decline to yield any further because I have so little time.

Mrs. GRIFFITHS. I know it hurts.

Mr. BURTON. Mr. Chairman, I fully agree with the gentlewoman that there are limitations on assets that are irrelevant, and I would also like to have the

record be made clear, if I have left any inference to the contrary, I do not assume that the chairman of the Ways and Means Committee adopts any portion of what I am saying.

What I do mean to state is that there was a radical rearrangement, a wise one, of how these programs are to be financed; and I do assert further that in the Federal budget approved by the House Appropriations Committee, the administration has, for the first 6 months of this fiscal year, overstated—by from 6 to 7½ percent the costs of the current adult welfare program. HEW estimated an average caseload of 3.4 million aged, blind, and disabled recipients, when, in fact, the average caseload for July–December 1973 is going to be about 3.150 million or 250,000 caseload months less than the projected 3.4 million caseload average for that 6-month period.

For the last 6 months of this fiscal year, the administration estimated that there will be an additional 3 million recipients, on the average for the last 6 months of this fiscal year, due to the new social security insurance program.

I will stand here right now and say that I will eat cotton if there is any more than a third of that, on the average, increase for the balance of this fiscal year. Therefore, the committee bill including the hold-harmless language, is within the parameters of the administration's sought budget amount and this general revenue amount will not be exceeded even with the enactment of the recommendation of the Ways and Means Committee.

Mr. CORMAN. Mr. Chairman, will the gentleman yield?

Mr. BURTON. I yield to the gentleman from California.

Mr. CORMAN. Mr. Chairman, I do want to point out concerning the original hold-harmless, that in the State of California, it would have to grandfather in certain recipients, and that cost the State of California $22 million, which it was perfectly willing to pay and which was mandated by this House in the summer of this year. Additionally and voluntarily, the State of California has added $56 million to their cost-of-living requirements to try to take care of them, so they have moved that State supplement from $381 million, which is the Federal requirement, to $459 million. If we do not have the hold-harmless, they can get——

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. ULLMAN. Mr. Chairman, I yield 1 additional minute to the gentleman from California.

Mr. BURTON. Mr. Chairman, I yield further to the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Unless the hold-harmless provision stays in, only the States which did not supplement and paid the minimum will get the $10. States with supplementing will not get it because the Federal Government will give it per capita, but let them hold harmless.

And so the competition is truly between the Federal budget and the budget of the very poor. It seems that what we are worried about is really who are the poorest of the poor? The test of the situation for everybody is, if one has no assets and no income, one gets a minimum, throughout this entire Nation, of $130 and, as proposed now, $140. In the State of California one gets $211 because the State pays the difference.

Mr. BURTON. Mr. Chairman, I fully agree with my distinguished colleague, Mr. CORMAN. If I may conclude in the very few seconds I have left, if we want to look at this matter in terms of equity among the several States, simply stated, it is this:

A great number of us willingly supported a change in the financing, even though it resulted in an increase percentagewise to the majority of the States in this country from 17 to 50 percent of their previous matching.

We did that willingly. All we are asking is that they do not change the ground rules on us, so that we may get our piece of the action for our poor elderly, blind, and disabled.

Mr. ULLMAN. Mr. Chairman, I yield 1 minute to the gentlewoman from Michigan (Mrs. GRIFFITHS).

Mrs. GRIFFITHS. Mr. Chairman, what this does, in fact, is to say that California and nine other States—and my State is one of them—will have the Federal Government come in and help them raise their payments way above the $210 for a couple, over and above what the other States have. But if you are in one of the other States, such as Ohio, Indiana, Michigan, Illinois, Connecticut, Maine, Vermont, Florida, or Texas, any of those States, and you raise it one cent above $210, you will pay every penny of it yourself, every penny, and you will also help us raise ours above $394 or whatever our individual payment is. Now, I would like to have someone tell me where that is equitable.

If we have that kind of money to spend, let us spend it on a Federal priority, not helping the rich get richer.

Mr. ULLMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. MAHON).

BUDGET IMPACT OF SOCIAL SECURITY INCREASE

Mr. MAHON. Mr. Chairman, the record of the proceedings of today will contain much helpful information. This debate has been of great interest, I think, to the Congress and will be of interest to the country generally. The record, which contains this discussion, should also contain certain overall information in regard to the Federal budget.

As has been pointed out several times in the debate, this bill will increase the national debt this year by $1.1 billion and will increase the deficit by $1.1 billion. That is not to say that the bill should not pass. I intend to vote for it.

However, I believe we should also bear in mind that this will add an additional billion dollars above the January spending budget of $268.7 billion. The House earlier in the year approved an expenditure ceiling of about $267 billion. Including this social security bill, the Congress will probably be at the end of the session, about $5 billion over the January budget in expenditures.

The President revised his budget on October 18 from $268.7 billion up to $270 billion. The President having approved congressional actions above the budget at that time in the sum of $2.4 billion embraced those increases in his new budget estimate. Having signed these bills into law, he has taken them into account in revising his expenditure budget up from $268.7 billion to $270 billion.

In addition, the President has submitted the budget amendment for assistance to Israel, which brings the most recent administration spending estimate to $270.6 billion.

In actions subsequent to October 18, including the $1.1 billion increase being considered today, the Congress will add another $2.6 billion in spending. In percentage terms this amounts to less than 1 percent of the $270.6 billion estimate.

Of course, it is true that the fiscal picture has improved dramatically not as a result of reduced spending or reduced appropriations but as a result of a $14 billion unanticipated increase in revenues which has occurred since the January budget was submitted.

I would like to say again, as I have said many times on the floor, that the budget-busting problem of this Congress does not lie with appropriation bills from the Committee on Appropriations. It seems clear now that the appropriation bills in this session of Congress will be in total at the level or below that of the President's budget. Our difficulty generally in trying to hold Federal spending within the budget comes from backdoor spending or spending mandated by nonappropriation bills.

I thought it was appropriate to bring this up under the circumstances, and I shall ask unanimous consent at a later time to revise and extend my remarks on this matter. At another place in the body of the RECORD of today, I shall present a fuller discussion of fiscal matters.

Mr. ULLMAN. Mr. Chairman, I yield to the gentleman from Texas (Mr. MILFORD) such time as he may use.

(Mr. MILFORD asked and was given permission to revise and extend his remarks.)

Mr. MILFORD. Mr. Chairman, I want to join my colleagues who are supporting this drastically needed updating of social security benefits.

It is imperative that the retired people in our Nation who have devoted their lives to productivity and citizenship responsibility be assisted at this time.

I know of no other group of people who have felt the crunch of our galloping inflation more than these folks. Their income is fixed. And until this bill, it has taken an act of Congress to increase their income—social security payments.

I find this bill to be one of the most promising pieces of legislation coming out of this law-making body, because it will provide for increases based upon cost-of-living indexes computed annually.

Up to this time, we have been in the position of asking our retired and disabled persons to shrink their stomachs and to do without needed medical prescriptions while we debate their needs. Until now, there has been no way to increase their income in marching rhythm with rising prices and diminished dollar purchase power.

If we act now on this bill, we can put 7 percent more money—or an average of $11 a month for an individual—in their hands with the April social security checks. And, another increase—up to 11 percent, or a total average increase of $19 for an individual—by the July checks.

I would like to impress upon my colleagues that for 20, 30, or 40 years or more, these individuals—whose income we are now legislating—have poured money into our economy and into this fund over which we hold the purse strings.

It is time we let the economic situation and demands release this hold in the prudent and sound manner set forth in H.R. 11333.

Mr. ULLMAN's bill addresses itself to the immediacy of the crisis of senior citizens by calling for their receipt of the increase in April.

I would like to call attention to some Department of Labor budget statistics for a retired couple. The national average cost for people in the lowest budget is $3,442 a year. This is $118 a year more than the average couple is receiving in social security benefits. But let me make you aware of this fact: these are 1972 budget figures. If we add in the 4.7 cost-of-living increase, over the first 7 months of this year, this same couple will need $3,604 to make it.

Our bill would almost bridge this gap in April and would take care of the increase by July if—if the costs of surviving, such as food, shelter, medicine and transportation, do not rise higher than September figures.

And since that is the impossible dream, I urge the immediate enactment of H.R. 11333, so that social security income can be computed comparably with cost hikes.

I feel strongly about this issue, and as most of you know I have strongly advocated cautious and prudent budget spending. However, this bill will enable us to help the grandparents of this Nation, yet remain prudent and cautious by paying its way by raising the social security taxing maximum wage base to $13,200, and retaining the same 5.85 percent tax rate until 1977.

Because this is a compassionate bill, because it will alleviate a pressing crisis for retired people, and because it is economically sound, I would urge my colleagues to vote yes. Thank you.

Mr. BROYHILL of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. COLLIER).

Mr. COLLIER. Mr. Chairman, in the light of what the distinguished chairman of the Committee on Appropriations just said, I believe it is in order to remind this House that in June of this year, 6 months after we enacted legislation to provide a 20-percent increase in social security benefits, we did, in fact, enact legislation for an additional increase. It included the cost-of-living escalator plus the raise in benefits to have become effective on July 1. We did this because in the interests of being fiscally responsible we thought at that time—and the House, I repeat, did approve it—that we ought to wait until July of 1974. This would have provided a period in the interim 6 months for us to accumulate through an increase in the taxable base the trust fund income to accommodate the additional burden of the July 1 increase.

However, because, as is so often the case, the second shot increase was hung on as a rider to a totally unrelated piece of legislation, the debt ceiling bill. We were then forced into what you might call an emergency situation to foreclose an even further problem facing us to move this legislation.

So I pass this on to you because I think the action we took last June, which we have now rescinded only 4 months later, represented a far more responsible approach than is the course which we are now taking.

Mr. DENNIS. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman.

Mr. DENNIS. I cannot help but wonder, in view of what the gentleman from Illinois says and what the distinguished chairman of the Committee on Appropriations had to say, why this distinguished committee that brought this bill in did not bring it in under a rule which would have permitted an amendment which would have perhaps gone back along the road we were trying to go last June.

Mr. COLLIER. I had no voice in the rule that was granted.

Mr. ULLMAN. Mr. Chairman, I yield myself 1 minute.

I want the record to be clear that it is only because we have a unified budget concept that this has an impact. The reason should be absolutely clear, that the trust funds are paying a substantial surplus into the unified budget.

There is in fact a $15 billion or more Federal funding deficit, but in the unified budget that is offset by the surpluses from the various Government trust funds.

Without these surpluses from the trust funds, including the social security trust funds, the budget would show a deficit of the same amount. Omitting trust fund operations is the concept of the administrative budget, which was abandoned a few years ago when the present unified budget was adopted. Some people believe that the unified budget is more a bookkeeping operation than a true measure of Federal fiscal requirements. For all intents and purposes, the administrative budget is the portion of the budget which is subject to the debt ceiling. The operations of the trust funds, on the other hand, do not affect the debt ceiling. I think it is important that the trust funds be allowed to operate consistent with the purposes of the programs under which the individual trust funds were set up. These programs should not be unduly influenced by considerations arising solely from the unified budget.

This is a responsible package, and one that I urge the House to support.

Mr. Chairman, I would ask my friend, the gentleman from Virginia (Mr. BROYHILL) if the gentleman has any additional requests for time?

Miss JORDAN. Mr. Chairman, I rise in support of H.R. 11333 which provides an 11-percent increase in social security benefits and which increases supplemental security income benefits.

This bill provides for a two-step increase in social security benefits. The first step will be a 7-percent increase which will be received in early April 1974. The second step will be an additional 4-percent increase which will be received in July 1974. The bill also raises the basic supplemental security income payments for an aged individual to $140 in January 1974 with an additional $6 increase in July 1974; and for an aged couple to $210 in January 1974 with a further increase of $9 next July.

Many of my colleagues have also risen to support this bill today. Their support for social security increases at this time attests to the success of the program. Social security keeps some 10 million people out of poverty. Poverty due to death of the breadwinner in the family has been virtually eliminated due to social security.

Social security is more than a retirement program. It is the largest life insurance program, the largest disability insurance program, the largest health insurance program, as well as the largest retirement program in the Nation. Social security is well accepted by the American people because it is a universal program providing benefits to eligible recipients as a matter of statutory right with a minimum of administrative discretion, covering the rich as well as the poor, irrespective of race, color, creed, or sex. As the board of directors of this enterprise, Congress has steadfastly kept the social security program on a financially sound basis. The long-range financial schedule in the law gives as much stability to the program as is possible in this uncertain world.

In addition, many of my colleagues in the House have joined in supporting this bill due to the astronomical price increases which have occurred over the past few months. Food prices alone have risen almost 30 percent in the past 3 months. An individual receiving a fixed check from social security cannot absorb these price increases from one week to the next.

More importantly, the social security increases provided for in this bill are desperately needed not only because of the price increases which have occurred in the past, but because of the price reductions which are not expected to occur in the future. The higher cost of eating is here to stay. Food prices are not expected to go down in the near future; they may level off, but in doing so they will remain at their highest levels ever.

Food prices will not go down because demand is up both in this country and abroad. Foreign buyers have money to pay for the food they need. They have money because they have the advantage of two devaluations of the dollar in a 15-month period. To the American consumer food prices have risen 30 percent, but to the foreign buyer food prices remain approximately the same as they were a year ago.

Food prices will not go down because supplies will not catch up with demand. Although additional acreage for corn

and soybeans is being put into production both here and abroad, most of the productive land is already being used. Meat supplies will not dramatically increase for the basic reason that it takes 9 months to produce a calf and 2 years to raise a market-ready head of cattle. Even if our supply of livestock were to be increased, it would mean less meat now as ranchers withheld stock from the market for breeding purposes.

Food prices will not go down because wholesalers and retailers will be catching up from last summer when their margins were held down by price controls.

I am particularly gratified that the members of the Committee on Ways and Means provided for increases in supplemental security income benefits beginning in January 1974.

Since the constitution of the State of Texas prohibits the State from supplementing the basic SSI benefits, the increases provided in this bill will assure that no one in Texas will receive less money under SSI than they now receive from the State under the old age, blind, and disabled program.

Last September I introduced legislation which would have provided for a 7-percent increase in social security benefits effective January 1974, I applaud the distinguished chairman of the Ways and Means Committee for providing the leadership necessary to deal with this subject in committee and to report expeditiously a bill to the House. In many ways, the committee has improved upon my original bill. It is my hope that the bill will prevail in conference with the other body and will be signed into law by the President. I urge my colleagues to give this bill their wholehearted support.

Mr. BINGHAM. Mr. Chairman, tens of millions of Americans have a direct stake in the outcome of our deliberations here today. These are the 29 million social security beneficiaries who have been bearing the brunt of this administration's disastrous inflation. Since the last benefit increase in September 1972, the Consumer Price Index has already increased 9.3 percent, with some consumer costs much higher. For example, food costs have gone up 23.5 percent in this period, but social security beneficiaries have received no additional income to meet these added costs. When Congress enacted the last effective increase, we also established an automatic cost-of-living increase, but delayed its implementation until 1975. This year we were able to accelerate the date of the first of these increases to July 1974, but even this is clearly not soon enough.

Beginning in September, I undertook a number of efforts to win congressional approval of speedier increases, since I have been convinced that the elderly should not have to wait until next year to be compensated for this year's inflation. In October, 112 of my colleagues joined me in sending letters to the acting chairman and the ranking minority member of the House Ways and Means Committee urging them to act on the immediate 7-percent across-the-board increase in social security benefits. This expression of widespread support for such an increase was clearly influential in focussing the attention of the committee on the increasingly desperate needs of the elderly. When the committee continued to delay action, however, I joined with Representatives REUSS, VANIK, FULTON, and THOMPSON in urging the Rules Committee to accept a combined social security increase and tax reform amendment to the debt limit bill. The Rules Committee accepted our proposal in the belief that both of these measures deserved consideration in this session of Congress. Adding these measures to the debt limit bill would have been attractive, since the administration would have been reluctant to veto such critical legislation despite its announced opposition to both the social security increase and the tax reform proposals.

The Rules Committee action startled the Ways and Means Committee, and led to the postponement of the debt limit bill and the decision to give separate and early consideration to the bill before us today.

H.R. 11333 provides a two-step, 11 percent cost of living increase in social security benefits. The first step would be a 7-percent increase effective March, 1974, reflected in the checks received early in April, with the full 11 percent increase effective in June, 1974, reflected in the checks received early in July. The minimum benefits would be increased from $84.50 to $90.50 a month for March through May 1974 and to $93.80 per month for months after May 1974. The average old-age benefit payable for March would rise from $167 to $178 per month and then to $186 a month for June 1974, and the average benefit for a couple would increase from $277 to $296 per month for March and to $310 for June 1974. Average benefits for widows would increase from $158 to $169 for March and to $177 for June 1974. Henceforth, benefits would be automatically adjusted each year in which there is at least a 3 percent increase in the cost of living over the previous year. I am disappointed by three aspects of the committee's bill. I have been urging an increase in social security benefits which would take effect no later than January 1974. I could not believe that social security recipients should have to wait any longer to be compensated for 1973's galloping inflation. However, the Social Security Administration has made it clear that they could not compute and process increased benefit checks any earlier than April 1974, since the agency is already hard pressed to implement the new supplemental security income program. I only regret that the Congress did not respond more quickly to our urgings for speedy action on social security increases which have been made repeatedly beginning this past summer. Earlier congressional action would have allowed an earlier effective date for increased benefits.

Second, I am disappointed that the committee decided it was necessary to raise the amount of annual earnings subject to social security taxes from $12,600 to $13,200, and in future years to increase the tax rate itself. This 22 percent increase in the effective social security tax rate for those earning $13,200 or more each year is intended to cover the additional costs to the social security trust fund attributable to the benefit increase of $900 million in fiscal year 1974 and $1.7 billion in fiscal year 1975. The seven percent increase effective in January 1974 which I advocated would not have required any increase in social security taxes as it could have been paid out of existing surpluses in the social security trust fund.

Finally, I am deeply disturbed that the committee bill has not grappled with the vexing problem of insuring that these social security increases will not be offset by reductions in other forms of Federal financial assistance. This is the so-called "pass-through problem," it is caused by the fact that social security increases in many cases make many social security recipients ineligible for, or cause payment reductions in, veterans pensions, medicaid, public housing, food stamps and public housing programs. Many of my own constituents have seen social security increases offset by reductions in other programs or have even suffered reductions in their total monthly benefits. No one should have to pay this kind of penalty simply because of the perverse operations of overlapping, uncoordinated Federal programs, thereby making consideration of this problem as well as others out of order. I am concerned that unknown numbers of social security recipients across the country will not receive the benefits of the increases we are considering today because the "pass-through problem" has been ignored once again. I urge the Ways and Means Committee and the Committee on Veterans' Affairs to act on legislation I have introduced before the effective date of these social security increases next March, so that these increases will be disregarded in determining eligibility for other Federal assistance programs.

Despite these problems, Mr. Chairman, I will vote in favor of this bill. It promises much needed relief to millions of social security recipients whose health and comfort have been steadily eroded by constant inflation. I hope the bill's shortcomings will be corrected in short order, so that millions more will receive the full benefit of the increases this bill will make possible. Finally, I hope the Congress will stand fast against the predictable opposition of this administration to the enactment of this legislation. We cannot expect the elderly to shoulder the full burden of fighting inflation when they are the most severely affected by that inflation. I urge my colleagues to support H.R. 11333.

Mrs. HOLT. Mr. Chairman, the rapidly escalating cost of living has deeply eroded the purchasing power of many Americans it has had especially disastrous effects on those who are forced to make ends meet while living on a fixed retirement income. These older Americans with limited financial resources have no means to supplement their small annual incomes; their ability to live out their remaining years in dignity is directly dependent on the people of this country.

The bill before us will provide increases in social security cash benefits and supplemental security income payment levels. Older Americans are caught in a

vicious squeeze between rising prices and fixed income. Each increase in the cost of living has the net effect of a reduction in income for these people. The immediacy of this problem is aptly described by the statement of the National Council of Senior Citizens that older Americans "cannot wait until July to pay today's prices."

Mr. Chairman, we have a very serious problem facing this body to which we must turn our attention. I am deeply concerned that the day of reckoning is rapidly approaching for the social security system. Since January 1970, social security benefits have increased 51.8 percent; the passage of H.R. 11333 will drive this figure up to 68.5 percent. These benefit increases have been financed primarily by increases in the taxable wage base.

We must begin to consider carefully the long run effects of our actions. Increases in employer contributions to the system will naturally raise the cost of doing business and will ultimately be passed on to the consumer in the form of higher prices. The prospect of another round of spiraling inflation is very real.

In addition, there is a finite limit on what the American taxpayer can afford or will be willing to pay to support this system. Many of my constituents are extremely disturbed by the rapidly increasing bite social security taxes are taking in their pay checks. We cannot continuously vote increases in benefits without carefully reviewing the long run impact on the program. I strongly maintain that the time has come for a comprehensive review of the entire program. We must clarify its objectives and quantify its current and future abilities to meet these objectives.

Mr. Chairman, if we are not careful we are going to kill, yes, really kill, the goose that laid the golden egg.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of this proposal which would provide a 7 percent increase in social security benefits beginning in March 1974, and an additional 4 percent increase beginning in June 1974.

While I strongly feel that the 30 million recipients of social security should receive an increase in benefits beginning in January, and I introduced a measure with 78 cosponsors which would have accomplished that aim, I believe the bill before us today is a belated, though necessary step in the right direction.

This increase is necessary merely to catch up with the skyrocketing cost of living which has been eating into the already limited income of the elderly. For example, during July, August, and September of this year, the cost of living rose by over 10 percent. And food costs rose by an astounding 28.8 percent.

As a result, those on retirement incomes have been particularly hard hit, and are having an even harder time making ends meet, especially since a quarter of their income goes for food. Thus, the elderly, who have a great need for a nutritious diet to maintain their health, are forced to eat less and suffer more.

This measure would result in a two-step increase in benefits with a total increase of $19 per month going to the retired worker, with no dependents, and $33 per month going to the retired couple.

It is our responsibility to insure that the elderly live out their remaining years in good health, without fear of want, and in dignity. In that regard, this measure will help, and I urge my colleagues to join with me in supporting this bill.

Mr. DORN. Mr. Chairman, the question has been asked as to the effect of the social security increases under discussion here on veterans' pensions.

Let me point out that earlier this afternoon we agreed to certain amendments and sent back to the Senate H.R. 9474, which will provide a 10-percent increase in nonservice-connected benefits effective January 1, 1974. This bill will provide about $240 million in additional benefits to veterans and dependents and will do a great deal to offset the impact of the 20-percent social security increase which became effective earlier this year.

Now, insofar as the 7-percent increase under discussion here is concerned, which may become effective next March or April, this increase would have no impact on veterans benefits for the remainder of the calendar year 1974 because we have a rule that income which becomes effective during the year will not be counted for pension purposes until the beginning of the following year. There is some debate in the Veterans' Administration as to proper application of this rule, but we are urging that the Veterans' Administration use the end of the year rule in dealing with this 7-percent increase so that it would not have an impact on veterans' pensions until January 1, 1975.

In the meantime, the administration is planning to send up a rather comprehensive package of amendments relating to the pension program and both our committee and the Senate committee has agreed to consider these proposals. They could result in substantial increases of pensions to certain individuals, particularly low income individuals.

In other words, we will be considering the pension program again before the impact of the 7-percent social security increase is felt. The committee has followed the practice in the past of raising veterans' pensions from time to time, based on cost-of-living changes and in general this has kept up, or in some instances, exceeded the changes in the social security program. I feel sure that as we make adjustments from time to time, based on cost-of-living changes, that we will be successful in the future as we have been in the past in keeping the veterans' pension program abreast of social security changes.

Mr. BADILLO. Mr. Chairman, I rise in support of H.R. 11133, the Social Security Act amendments, and urge speedy passage since inaction on the measure would mean a considerable delay in the implementation of the scheduled social security benefit increases and cause severe hardship for our senior citizens.

As my colleagues are aware, the extraordinary inflationary pressures experienced by our economy spell hardship for all American families, while the astronomically steep increase in food prices mean near disaster for those in the low and low-middle income categories who customarily spend a large portion of their disposable cash for this item. Such individuals and families are forced to devote increasing proportions of their budgets to food and in many cases are having to do without such other necessities as replacement clothing.

Since the majority of our senior citizens are on low, fixed incomes, their plight is particularly severe. Unable, in most instances, to increase their earnings, they are living in dire poverty. All of us are aware of news accounts featuring increased incidents of shoplifting among the elderly, who are reduced to stealing to secure some of the necessities of life. This Nation's failure to safeguard the welfare of those who have borne the brunt of the depression in the 1930's and can take credit for the tremendous advances in growth and prosperity made by this Nation during the past decades will remain a shameful blot on our history. If the level of a civilization can truly be measured by its care and concern for the weakest of its members then we have a long way to go. The scheduled 7 percent increase in March and the additional 4 percent effective in June will alleviate some of the hardships, but they will bring no comfort during the bleak, cold months ahead. I realize that the committee has done its utmost and that even the present compromise is opposed by the administration, but I wish that we could do more, effective immediately, for our senior citizens.

I am, however, pleased to see the cost of living provision in this bill which will cut the time lag in providing increases from seven to 3 months.

But, while I urge the speedy and overwhelming passage of the bill, I am unhappy with some of the problems that remain in it. I refer here particularly to the language which permits States to include, under the hold-harmless provision, the scheduled $10 increase in supplemental security income grants. The bill extends the protection of the hold-harmless for 1 year only in this regard, which means that while States can, without prejudice and without revising their grant schedules, add this amount to payments going to beneficiaries effective January 1974, by January of 1975 they will have the option of either falling back to their 1972 payment levels and reducing payments to beneficiaries, or finding funds in their budgets to cover the entire amount of the increase. Recipients of these grants should be assured of the highest possible level of payments, payments adequate to enable them to live a decent life, payments subject to adjustment only to assure that they more fully meet the needs of the beneficiary.

Mr. HOGAN. Mr. Chairman, I rise in support of the bill, H.R. 11333, which would provide a 7-percent increase in social security benefits beginning in March 1974 and an additional 4-percent increase beginning in June 1974.

Congress, earlier this year, recognized its responsibility to our elderly citizens by enacting Public Law 93-66, which

would increase social security benefits by 5.9 percent effective June 1, 1974. However, it is apparent that the cost of living will have increased far in excess of the 5.9-percent rise by June of 1974.

I do not want to deliberate on our spiraling inflation and the dent that it is putting into everyone's pocketbook. And it takes little imagination to appreciate the impact that this inflation has on those with limited fixed incomes.

Currently, the average annual benefit for retired recipients amounts to $165 per month. For 1 out of 7 aged couples and 2 out of every 7 elderly single persons, this amount represents 90 percent of their total income.

Under the bill before us, the average monthly social security benefits would be increased from $165 to $177 for retired workers; from $274 to $293 for aged couples; and from $158 to $169 for elderly widows.

This increase in social security benefits would be especially helpful to those people in Prince Georges County, Md., which covers the larger part of my district. The rental rates for senior citizens' housing in Prince Georges County is based on 25 percent of the residents' adjusted gross income. In essence, these people will have to set aside 25 percent for rent regardless of the amount of increase in their social security benefits. Therefore, an increase of 7 percent would be a minimal amount to meet the escalating increase in the cost of food and other essentials.

It is our responsibility as legislators, and as human beings, to reverse the trend of neglect, and instead insure that the elderly live out their remaining years in good health without fear of want, and in dignity knowing that a grateful society appreciates their years of service and dedication to building a better America.

Mr. HARRINGTON. Mr. Chairman, more than one-quarter of the 20 million Americans over the age of 65 have incomes below the officially established poverty line. Millions of older Americans in our Nation, many of whom are living on fixed incomes, have been victimized by rampant inflation since the date of the last increase in social security benefits—the 20-percent increase that took effect in September of 1972. Since that time, consumer prices have risen by more than 7 percent, and in recent months, the consumer price index has risen at a seasonally adjusted rate of more than 10 percent, with food prices—of critical importance to elderly Americans—climbing at a rate of nearly 29 percent.

In light of the compelling needs of our elderly citizens, I appreciate the opportunity today to rise in support of legislation that will increase social security benefits by a total of 11 percent over the next 9 months. This bill, H.R. 11333, also contains important provisions which will improve the supplemental security income—SSI—program, scheduled to take effect in January of the coming year. While I support this legislation, it has a number of shortcomings which I believe should be addressed.

I cannot conceal my dissatisfaction, however, with the manner in which this legislation was brought before the House. I have consistently opposed the granting of "closed rules" for legislation, whereby a bill can be brought to the floor for consideration, but under which no Member can offer or support amendments, however desirable, and however many of us support such amendments. Frankly, I believe this procedure is undemocratic. It forces the House of Representatives simply to act as a rubber stamp, either voting a proposal up or down.

As the closed rule is almost exclusively used by only one committee, and it is used primarily on bills of critical national importance, it deprives all Members of the House other than those 25 on the committee a meaningful voice in shaping legislation of great and often enduring importance.

This procedure gives a stranglehold on key legislation to a handful of Congressmen. It frustrates the will of the House, and is at odds with the principles of representative government. Time and time again, this House considers complex legislation, where there are considerable differences of opinion, on a take-it-or-leave-it basis. While the Ways and Means Committee, which I commend for its diligence and competence, almost always produces responsible and worthwhile legislation, I nonetheless believe that the "closed rule" is an unnecessary and undesirable straitjacket on the workings of this House.

Early in the 93d Congress the Democratic Caucus took a most responsible action when it enacted restrictions governing the use of the closed rule. One caucus rule requires that whenever a committee chairman seeks a closed or modified rule, he must give to the House four legislative days notice. This rule is being skirted today—H.R. 11333 has been brought before the House without the specified notice. While I agree that the urgency of this legislation requires its prompt consideration by the House, it is my view that this exception to the caucus rule should not be considered a precedent for future actions.

BENEFIT INCREASE NEEDED NOW

The principal fault of this bill is that the increases in social security benefits will not even begin to take effect until next April—6 months from now. America's senior citizens need these benefit increases today—not months in the future. I cannot accept the argument of the Social Security Administration that they are physically unable to implement benefit increases until the March checks that will be received in April, 1974.

Were this bill open for amendment, I would support changing the legislation to provide an immediate 7-percent increase in social security benefits. But the closed rule ties my hands—as well as those of the remaining Members of this House, a majority of whom I believe would support making the benefit increase effective now.

THE NEEDS OF ELDERLY AMERICANS

There are 5 million Americans over the age of 65 who are poor. Some 234,000 elderly Americans in New England—110,000 of these in Massachusetts alone—have incomes below the poverty line. Proportionally, the elderly bear a heavy share of our Nation's poverty. While the elderly comprise about 10 percent of our total population, nearly 20 percent of our country's poor are over the age of 65. In Massachusetts, nearly one-quarter—23.5 percent—of the States poor are elderly.

The poverty of our Nation's senior citizens is a national tragedy and a national disgrace. In 1972 the median income of families headed by an individual over the age of 65 was $5,968—half that of younger families. In the same year, 91,000 elderly families had yearly incomes below $1,000. Another 5 percent of our senior families, 402,000 Americans, had incomes of less than $2,000, and 1.2 million older families had incomes smaller than $3,000.

The plight of the elderly person living alone or with nonrelatives is equally distressing. One-half of the 6.2 million older people living alone or with nonrelatives had incomes of less than $2,397 in 1972. Nearly 450,000 individuals over the age of 65 had incomes of less than $1,500. Even worse is the plight of elderly black families and women over the age of 65.

According to reports published by the Department of Health, Education, and Welfare, the proportion of black elderly families living in poverty is more than three times that of white families.

THE IMPORTANCE OF SOCIAL SECURITY

These grim statistics require a concerted effort by our Government to better the lives of elderly Americans. Social security is increasingly the key component of the income situation of Americans over the age of 65. In 1967, one-quarter of the total income of older Americans came from social security, ranking social security second only to employment earnings—30 percent—in importance. And, the proportion of dependence on social security is increasing. Earnings from employment have been in decline over the past 15 years. During the decade between 1958 and 1967, for example, the proportion of income arising from employment earnings dropped from about 38 percent to a level of 30 percent in 1967.

Government income-maintenance programs are rapidly becoming the critical element in providing for the health and welfare of our Nation's elderly. Yet the development of the social security system clearly has not kept pace with the increasing importance of social security income to our Nation's elderly. Until July of this year, when Congress enacted Public Law 93-66, there was no provision in the social security law which tied benefit levels to the cost of living. As a result, the social security system has been continually plagued by sporadic and haphazard congressional attempts to bring social security payments in line with the increases in the cost of living—attempts, not always successful but always made after the fact. The adequacy of the social security system has been questionable, and millions of older Americans who depend on social security for their welfare have on far too many occasions seen benefit increases obscured in internecine struggles within the Congress and between the Congress and the executive branch.

Clearly, the social security system must be structured so that the needs of the elderly are met without being obstructed as part of political turmoil. The cost-of-living provision of Public Law 93-66 was a step in the right direction, but an incomplete one. In promises senior citizens with a 5.9-percent increase in benefits for June of 1974—11 months after the date of enactment. In the interim, older Americans have been fighting a losing battle against higher prices—a battle they cannot win without greater and more immediate Government help.

The bill now being considered, H.R. 11333, makes further improvements, but still falls short of the mark. A 7-percent increase in social security benefits is to be provided beginning in March of 1974—the check would be received in April—and an additional 4-percent cost-of-living increase will be made for checks received in July. As a result of these increases, 30 million Americans will be eligible for an additional $2.4 billion in social security benefits. The average old-age benefit will rise from $167 to $178 per month as part of the first step in the benefit increase, and will rise further to $186 a month when the second part of the increase becomes effective. The average benefit to disabled workers will rise from the current $184 per month, first to $197 and then to $206 per month. The bill will also make improvements in the cost-of-living adjustment formula so that the time lag between computation of an automatic increase and actual payment to beneficiaries will be cut from 7 months to 3.

These are worthwhile improvements. But it should be reemphasized that by the time that these benefit increases are actually received, they will probably have no more effect than to bring most recipients back to the point they were at when the current wave of inflation began. And, senior citizens will have endured more than a year and a half without any additional compensation for the financial difficulties of soaring prices. Improvements in the social security system should do more than maintain a perilously low status quo of income. The social security system should be restructured so that increases in benefits translate to real increases in income, and subsequent improvements in the lives of elderly Americans depending on social security.

THE PAYROLL TAX

As has been typical of all increases in social security benefits the one proposed today will be financed by increasing the payroll tax. Presently, the first $10,800 of every American wage earner participating in the social security system is taxed at the rate of 5.85 percent. Congressional actions already taken raise the payroll tax wage base to $12,600 in January, and this bill would further increase the taxable income to $13,200. And, the social security tax rate on wages would begin to rise in 1977.

I believe that the time has come to question the whole manner in which the social security system is now financed. What seemed to be a proper method of financing a very limited program when the social security system started in 1936 may no longer be appropriate when the program's importance, and goals, have expanded greatly.

In recent years, the Federal tax system has become less progressive, primarily because of the regressive social security payroll tax. In 1949, the payroll tax was at a 2-percent rate, applying only to the first $3,000 of covered income, with a maximum tax of just $60. Under present law, the taxable earnings have jumped to $12,600, the maximum tax rate to 11.7 percent, and the maximum tax—which is paid by most middle-income families, has risen to $1,263.60. In the 3 years—1972 through 1974—the contribution of the social security tax to total Federal revenues has jumped from 25.8 percent to 30.5 percent, and in terms of dollar receipts, the last 3 years have shown a jump in social security tax revenues of $24 billion—or 45 percent.

The social security tax is regressive because the burden falls most heavily upon those who can least afford it. Beginning next January, an individual earning $13,200—assuming enactment of H.R. 11333—will pay exactly the same tax as an individual earning, for example, six times as much—$79,200. The effective tax rate for the individual earning $13,200 will be 5.85 percent, while the rate for the individual earning $79,200 will be less than 1 percent.

The time has come to reject the idea that the justification for the regressive payroll tax is, as argued, that "those who pay most heavily are those that stand to benefit." Put simply, there is no relation between the payroll taxes paid by any individual and whatever benefits he may receive years later, because the social security system is emphatically not an insurance program of the classical type. The benefits now being received by elderly and disabled Americans are being paid for by the current contributions of all working Americans. Thus, for example, when a worker earning $10,800 annually receives a paycheck at the end of this month, with $52.65 deducted for social security, he is not paying for his own benefits at all. He will never pay for his own benefits—instead they will be paid for by wage earners in the years hence when today's worker is a social security benefit recipient.

It seems to me that the cost of a program to help the poor, the aged and the disabled should be paid out of the income of the whole society, not just out of the first $10,800—or $13,200—of covered income. At the least, the social security tax itself should be revised so as to cover more earned income, but with progressive tax rates and complete exemptions for the very poor wage earner. More appropriately, it seems to me, Congress should consider financing a portion of the costs of social security out of general revenues—which are derived from the generally progressive personal income tax structure and from corporate taxes.

SUPPLEMENTAL SECURITY INCOME (SSI)

H.R. 11333 also contains important improvements in the supplemental security income—SSI—program, some of which are controversial. When Congress passed the Renegotiation Act—now Public Law 93-66—it provided for an increase in SSI benefits of $10 for individuals and $15 for couples, to become effective on July 1, 1974. H.R. 11333 would implement this increase on January 1, when the SSI program takes effect, and would further increase benefits on July 1, 1974, by $6 for individuals and $9 for couples. As a result, on January 1, 1974, monthly SSI benefits would be increased to $195 for individuals and $210 for couples, and 6 months later these benefits would rise further to $201 and $219.

The SSI program provides for Federal assumption of the costs of assistance programs to the aged, blind, and disabled. More than 1.8 million recipients of old-age assistance, 78,000 recipients of aid to the blind, and 1.2 million recipients of aid to the permanently and totally disabled stand to be helped by the SSI program. Federal minimum payment levels have been established, and in many States these levels exceed existing assistance payments, so that benefit levels within these low-payment States will increase markedly.

However, in other States, such as Massachusetts, the current State benefit levels for the same categories of assistance are far above the Federal benefit level under the SSI program.

Public Law 93-66 provides, in States where current State benefits exceed SSI benefits, that those 8 to 10 States will be "held harmless" to the levels of State expenditures for the affected programs in fiscal year 1972. In other words, the "hold harmless" provision assures those States with high benefit levels that implementation of the SSI program will cost them no more, in State funds, than what had been previously expended under the old matching-grant program. However, the law provides that when a State wants to increase its benefit levels above the levels of 1972, then these additional costs must be paid for entirely by the State.

The increases in benefit levels for SSI recipients contained in both Public Law 93-66 and H.R. 11333 could work to the inequitable disadvantage of these high-payment States. Increasing SSI benefit levels greatly increases the amount of Federal funds that will flow to those States whose previous benefit levels had been below the federally guaranteed SSI minimums, while not improving assistance benefits to recipients in high-benefit States, such as Massachusetts, at all, because these States already pay benefits in excess of even the increased SSI payment level.

Commendably, the Ways and Means Committee has included in H.R. 11333 a provision which would restore balance to SSI assistance to States and which would give assistance recipients in high-benefit States the same effective increases in benefits that will be received by SSI recipients in those States with low benefits, where the SSI benefit level is what the recipient will actually get. This provision would allow for a "one-shot" increase in the allowable State benefits, the cost of which would be entirely assumed by the Federal Government under the "hold harmless" provision. This one-shot increase will allow States, like Massachusetts, at no cost to themselves, to increase their bene-

fits by the same amount of the SSI benefit increases also contained in H.R. 11333—$10 for individuals and $15 for couples. This provision of H.R. 11333 would increase Federal grants to the affected States by $100 million.

My distinguished colleague, Congresswoman GRIFFITHS, has argued against this provision of H.R. 11333, and has announced her intention to offer an amendment which would delete this section from the bill. I intend to vote against this amendment. It is argued, in favor of the amendment, that the Nation's taxpayers should not have to bear an additional $100 million cost, the benefits of which will be received by those few States which already have assistance benefits in excess of both the national norm and the SSI levels. However, without this provision, the taxpayers from some of our most populous States—including Massachusetts, California, New York, Michigan, New Jersey, Pennsylvania, and Wisconsin—will be footing a large part of the bill for very substantial increases in SSI benefits that do nothing for their States at all. Further, why should those States which have, in a progressive character, been paying comparatively good assistance benefits, be penalized for their achievements? Why should not assistance recipients in those high-benefit States receive the same benefit increases that will go to individuals in every other State of the Union?

I believe that, as a matter of equity, the States which have been generous in their assistance payments to the aged, blind, and disabled should receive the same benefits of the SSI program that will accrue to those States which, for a variety of reasons, have had less generous assistance programs. I urge that my colleagues defeat this amendment.

NEED FOR A PASS-THROUGH PROVISION

Perhaps the most critical shortcoming of H.R. 11333 is that it fails to insure against the possibility that increases in social security and SSI benefits will result in corresponding decreases in the benefits that recipients receive from other assistance programs. This problem, recurrent in congressional efforts in recent years to increase social security benefits, is not adequately addressed in this bill.

When Congress passed a 20-percent social security benefit increase in 1972, one of the more unfortunate results was that many individuals received social security benefit increases that raised their incomes to the point that they were no longer eligible for other assistance programs—such as Veterans Assistance, to name but one. In many cases, in fact, the increase in social security benefits left the recipient in worse shape, in terms of total income, than he or she had been before the 20-percent social security boost. There is no reason to believe that a similar misfortune will not befall many Americans as a result of enactment of this bill.

Congress should not take away with the one hand what it gives with the other. The intent, as I have noted, of our assistance programs to our elderly and to our needy should be increased to genuinely provide the financial means through which the standard of living of the elderly and the needy can be improved. The illusion of help is not good enough. It is my view that as a matter of highest priority, the Congress should rapidly enact legislation to guarantee that the increases in social security and SSI benefits contained in H.R. 11333 should not result in any reduction in the benefits of other programs.

While clearly not a perfect bill, H.R. 11333 is nonetheless legislation which will improve the lives of millions of Americans, those receiving social security assistance as well as those eligible for the supplemental security income program. Congress now has an opportunity to show that it can and will act to help millions of elderly, poor, handicapped and disabled Americans. Now is the time to pass this bill.

Mr. BROYHILL of Virginia. Mr. Chairman, we have no additional requests for time.

Mr. ULLMAN. Mr. Chairman, we have no additional requests for time, and I yield back the balance of my time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11333) to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill H.R. 11333, and to include extraneous material, and tables, and further, Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on H.R. 11333.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

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SOCIAL SECURITY BENEFITS INCREASE

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11333) to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11333, with Mr. DINGELL in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, all time for general debate on the bill had expired. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except as offered by direction of the Committee on Ways and Means, and an amendment proposing to strike out the provisions on page 11, lines 11 through 22, of the bill.

Are there any committee amendments to be offered at this time?

Mr. ULLMAN. Mr. Chairman, there are no committee amendments.

AMENDMENT OFFERED BY MRS. GRIFFITHS

Mrs. GRIFFITHS. Mr. Chairman, I offer an amendment.

Mr. Chairman, I ask for immediate consideration of the amendment. It is in order under the rule.

The CHAIRMAN. The Clerk will report the amendment offered under the rule.

The Clerk read as follows:

Amendment offered by Mrs. GRIFFITHS: On page 11, strike out line 11 through line 22.

The CHAIRMAN. The gentlewoman from Michigan is recognized for 5 minutes in support of her amendment.

Mrs. GRIFFITHS. Mr. Chairman, this amendment strikes out the hold-harmless part of this bill under SSI. I would like to explain to you what the hold-harmless provision would do.

The hold-harmless would add 175 million Federal dollars to six States, and those dollars would be divided: $66.5 million into the State of California next year, $56 million to New York, $21 million to Massachusetts, $15.8 million to Wisconsin, $12.2 million to New Jersey, and $3.5 million to Michigan, my own State. Pennsylvania, Hawaii, and Nevada would get $1 million among them, and Rhode Island would get nothing. No other State would get anything, either.

Last year we set up the new SSI program giving $195 a month for an elderly couple. We have now raised that amount to $205 before the program ever becomes effective. It will begin on January 1, 1974.

Now the State of California pays to that old couple $394. This amendment would permit them to increase their payment to $409 for that couple, subsidized by Federal funds, but 40 States will pay $210 only.

I would like to point out to you that the maximum social security in the United States payable to anyone would give to that same couple $399.15 as opposed to $409 under SSI.

The average social security in California is $243.20 for a couple. In New York they would be permitted to raise their SSI payment from $294.51 SSI payment to $309.51. Massachusetts from $340.30 to $355.30, Wisconsin from $329 to $344, New Jersey from $245 to $260, and Michigan from $240 to $255, all subsidized by Federal funds, above the $210 paid to all other couples.

Federal money would participate in making all of these payments, but in your States, if you are not from one of these States, your State, if it raises that payment one penny above $210 a month, your State's taxpayers will pay it alone. Your State's taxpayers will first contribute $175 million to insure that everybody in California, New York, Massachusetts, Wisconsin, New Jersey, and Michigan get higher payments than anybody else in the country. But if you pay anything more than $210, you will pay it alone.

In my judgment, this defeats the purpose of SSI. Federal taxpayers' money should be used to treat all people fairly. If we are going to spend $175 million of the taxpayers' money, then why do we not spend that money equally and equitably among the poorest in the United States, which theoretically would be the people in the other States drawing $210.

However, in fact, in most of these States the poorest people can be those people drawing social security who have a little money earned and cannot receive supplemental security income because they cannot pass the asset test. I received a letter from a woman in New York who was drawing $123 in social security. She could get no other funds. That woman would be far better off if she refused to take the social security and took SSI, which now pays in New York for a single person $159.

But that woman's mistake was that she had saved $2,000. She is not entitled to one additional thing because she has that money. She cannot have medicaid, she cannot get any SSI. She was too thrifty. That is the inequity of the whole system.

If the Members vote against my amendment they are voting to tax their taxpayers in their States to raise the payments in six States far above $210, and let the Federal taxpayers from every State pay for it.

I urge the Members to vote for my amendment; for equity and for fairness among all the people of the United States.

The CHAIRMAN. Under the rule, the opponents to the amendment are entitled to 5 minutes.

Mr. ULLMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Michigan (Mrs. GRIFFITHS).

Mr. Chairman, I want to make it very clear that the committee was divided on this issue, and that the purpose of requesting a rule that would allow the gentlewoman from Michigan (Mrs. GRIFFITHS) to bring this amendment to the floor was to have the House work its will on this particular issue.

Let me very briefly read the official committee position from the report:

The Congress, in developing the supplemental security income program, established a uniform benefit structure which was regarded as the Federal responsibility. It recognized that States might wish to add to the amount of the Federal benefit because of living arrangements, high living costs and other factors.

And I think this is crucial:

However, its clear and unequivocal intention was that such payments would be a State responsibility and wholly State financed. A "hold harmless" provision was included—

This was in 1972, when we set up the program—

because of the uncertainty of costs of trying to maintain benefit levels comparable to what the States have been paying. However, it was not intended that modification of total income be assured. Notwithstanding this general philosophy, at this late date, your committee does not believe that all States can shift their financial planning before January 1. The bill accordingly provides that during the calendar year 1974—

And only for 1 year—

the "adjusted payment level" computed for purposes of the "hold harmless" provision may be raised by the amount of the January increase in SSI benefits ($10 for individuals and $15 for couples).

Mr. Chairman, I would now like to yield to our distinguished colleague, the gentleman from California (Mr. CORMAN) the balance of my time.

Mr. CORMAN. Mr. Chairman, I thank the gentleman for yielding me this time. I just want to point out that the committee very carefully sough to give to every aged, blind and disabled person who comes under the SSI program in January a $10 increase, no matter in what State they live. Without that, the aged, blind and disabled who live in the 40 smaller States will receive $10 of new Federal money, but those in the 10 most populous States will not.

Let me try to draw a quick comparison on what we are talking about.

In California under the existing adult assistance program, an aged person, a blind person, or a disabled person gets $7.36 a day to live on; in New York, $6.90; in Michigan, $6.66.

I would just like to say how much I live on. I live on $73.33 a day. If the Secretary of the Department of Health, Education, and Welfare pays the same rate of income tax as I do, he lives on $101 a day. If the President pays the same income tax rate—and that seems to be in doubt—he lives on $339.73 a day.

Now, there is not very much similarity

among the groups I am talking about, but there is this: First of all, we are all getting our money from the U.S. Treasury; second, we all pay exactly the same amount of money for a quart of milk and a loaf of bread.

I urge the Members to think about this for a moment—think about those people who are trying to live on $6.90 a day, and give them this 33 cent per day increase. That is the only issue.

Mr. Chairman, I urge the Members to support the committee and to vote down the Griffiths amendment.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in support of H.R. 11333, a bill to provide a two-step, 11-percent cost-of-living increase in social security benefits.

Mr. Chairman, when Public Law 93-66 was enacted in July, it provided a 5.9-percent cost-of-living increase applicable only to social security benefits payable for June 1974 through December 1974. This benefit increase was enacted as a sort of advance payment of the first automatic benefit which was scheduled under the bill to go into effect in January 1975.

Unfortunately, since July the cost of living has continued to soar in an uncontrolled fashion. For example, in July, August, and September the index rose at a seasonally adjusted rate of 10.3 percent. Even worse for the thousands of elderly persons in Hudson County, N.J., and other constituents living on fixed incomes, food prices have risen almost three times as fast.

Mr. Chairman, in my district we have people going hungry. I mean in the very literal sense of the word. A man from Kearny living on social security wrote me that he and his wife could not remember when they last had meat. He ended his letter with the plaintive words: "Help us, Mr. DANIELS, because we are hungry." Should this go on in rich fertile America? Should elderly people be forced to eat pet food and go without meals? God help us, Mr. Chairman, if this is the best we can do for our old people.

Mr. Chairman, I urge that this bill be passed and signed into law without delay. America's older citizens cannot wait. I ask all of my colleagues, Democrats and Republicans, who care about humanity, to join with me in passing this badly needed measure.

Mr. EDWARDS of California. Mr. Chairman, I wish to express my support for H.R. 11333, the two-step cost-of-living increase for social security recipients and an increase in the supplemental security program. I would like to urge my colleagues to vote in favor of this important legislation.

There are approximately 30 million individuals in this Nation who receive social security payments. These individuals, along with the rest of our Nation, have encountered a 28.8-percent increase in the food portion of the Consumer Price Index. But because of their fixed incomes, social security and supplemental security recipients will suffer greater hardships than the rest of us from the soaring increase in the cost of living. We must take action to alleviate this unfair situation. The 5.9-percent increase, which we passed last July, will not meet their needs adequately in June 1974 if the Consumer Price Index continues to rise.

We can take great pride in the social security and SSI programs. We must continue to upgrade the programs in order to provide the security we have promised our aged, disabled, and blind citizens. Modifications must be made to meet the economic situation of 1974.

I do realize the fiscal impact of this increase; however, for the reasons I have stated, I believe this legislation should be passed, and, I urge my colleagues to support this measure.

Mr. BIAGGI. Mr. Chairman, I rise in opposition to the Griffiths amendment. Deletion of section 4c, as proposed, will severely damage this most important piece of legislation for older Americans.

In recent weeks I saw many elderly Americans in nursing homes and on the streets of New York. The one plea that came through loud and clear from these poor people was the need for more money with which to live. The meager income received from social security or small pension is just not sufficient to put a decent meal on the table, and live in a proper home.

Congress recognized this need and with this legislation will provide the increases necessary to help the older American at least keep pace with inflation. Now the gentlewoman from Michigan (Mrs. GRIFFITHS) wants to cut out any aid for these poorest of the poor by eliminating section 4c. While I understand her concern for perfection in this legislation, I do not think we can turn a cold heart to those elderly poor who will find this winter one of the hardest to get through.

Adoption of this amendment would have a particularly drastic effect on those progressive States, such as New York, which have consistently provided supplemental security income beneficiaries with reasonably adequate levels of income to keep them just above the poverty line.

Setion 4c will permit a passthrough of 62.5 percent of the increase under the bill to the SSI recipient. But the gentlewoman from Michigan will have none of that. "Let the States pay," she says.

For New York it would mean additional State expenditures of almost $50 million to help the 270,000 blind and disabled citizens who depend so much on the SSI program. Such an expenditure would require a special session of the legislature to appropriate those funds even if they might be available. Rather than punishing those States who truly try to help their aged, we should be encouraging them to continue to provide adequate income levels.

Remember we are talking about people who worked hard all their lives and thought that their retirement would be adequately covered by the provisions they made. The policies of the Federal Government in the last 10 years, however, has created an inflationary bite the likes of which none of these people contemplated.

I do not see how we can push them aside now when they need our help. Voting for this proposal would be a vote to ignore the serious plight of hundreds of thousands of elderly poor. I do not intend to shy away from my responsibilities to these Americans. I hope my colleagues agree and will join with me in defeating this amendment.

Mrs. HOLT. Mr. Chairman, today we have enacted legislation which will provide needed increases in social security cash benefits and supplemental security income payments.

The enactment of these increased benefits will greatly aid our older Americans who are forced to subsist on fixed retirement incomes during this period of rapidly rising prices. However, there is one deserving group of people which will again be short changed—our veteran pensioners.

Under existing regulations, each increase in social security results in a reduction in pension benefits for many veterans. This classic example of the Government giving with one hand and extracting with the other, has been frequently discussed but the problem still exists. The Veterans" Affairs Committee must be commended for their efforts this session to increase monthly pension compensation.

However, this legislation, H.R. 11333, in my opinion provides only a temporary solution. This bill will restore practically all of the reductions in pensions which resulted from last year's social security increase, but the increase we have just voted will result in a recurrence of the problem. Once again, pensioners will witness a reduction in their pensions to reflect increases in social security payments.

Mr. Chairman, the only long run answer to this situation is the enactment of legislation which exempts social security income from the earnings limitation which regulates veterans' pensions. I strongly urge my colleagues to work for the passage of such legislation.

Mr. DELLUMS. Mr. Chairman, I rise in support of H.R. 11333.

The case against Nixonomics is well documented. This administration has wreaked incredible economic havoc and caused an era of uprecedented inflation. The cost-of-living has reached the highest level in this Nation's history.

No one is immune from the tragic effects of this amazing state of affairs. However, it is the low-and fixed-income citizen who is most traumatically effected. Senior citizens who have done their best to plan for retirement and the fixed income on which they must survive, now find their best plans destroyed.

The response from the White House is that we must hold the line against inflation. This is a fine response were it not that those being asked to "hold the line" are those least able to afford doing so. This is just the most recent example of the economic genocide being perpetrated on the poor and unpowerful in an attempt to cover administration mistakes in the handling of the economy.

This bill will not solve the problems of this neglected group of Americans. However, it will enable them to survive.

Mr. DONOHUE. Mr. Chairman, as one who has advocated and introduced legislation for more immediate social security cost-of-living increases, I very deeply oppose and regret the delay in such increases until next April, some 5 months from now, when it is my continuing and

firm belief that these benefit increases are urgently needed right now by our senior citizens.

However, since our only practical choice here today is to accept or reject this compromise measure providing for a 7-percent benefit increase next March with an additional 4-percent benefit increase that will be reflected in the benefit checks received next July there is no alternative to the acceptance of this bill, especially under the closed rule that applies, without endangering the certainty of increased benefits to our older people next April. If there was any alternative I would vigorously support amendment provisions for inclusion in this bill to grant an immediate 7-percent, at least, increase in social security benefits.

Mr. Chairman, the plight of our Nation's older citizens is a national tragedy and disgrace. In 1972 the medium income of families headed by an individual over the age of 55 was $5,968, half of the income of younger families. In that same year, 91,000 elderly families had yearly incomes below $1,000. Another 5 percent of our older families, 402,000 citizens, had incomes of less than $2,000 and 1.2 million elderly families had incomes below $3,000.

With reference to these statistics, let me emphasize that the Agriculture Department itself predicts food prices alone will rise at least 20 percent this year and wholesale prices have already reached their highest level in history.

Medical costs and prescription drug prices are constantly increasing and everyone knows that the high costs of these essentials for our senior citizens are nowhere near covered by medicare.

Let us realize and emphasize that those who experience the most extreme hardships from these distressing economic developments are the elderly and others who must try to live through and survive this extraordinary inflationary period on fixed meager incomes and who must spend some 30 percent of such income on food.

Since the authorities testify that practically every person who will receive these social security benefit increases will spend, immediately, every cent of them for the purchase of fundamental living necessities, it is extremely difficult, if not impossible, to try to attach any vestige of inflationary criticism whatever to this very limited benefit increase to these too long and too greatly neglected American citizens and families.

Mr. Chairman, it would be a dramatic contradiction of our boasted American system and tradition of fair play to permit even the appearance of our poor and elderly people being used as scapegoats, for the economic turmoil afflicting this country today, and more especially so when cost increases and "pass-ons" are almost daily being granted to so many industries, like steel and auto manufacturing and while no effective actions or efforts are being supported, by those opposed to social security increases, to accomplish sensible reductions in the enormous defense budget, and our overextended foreign-aid program nor to achieve an equitable revision of our discriminatory tax system.

Mr. Chairman, let us, therefore, intensify and concentrate all our energies toward reductions in those areas of Government spending that can best absorb them and to the establishment of an equitable tax system that will truly impose its burdens in strict accord with the ability to bear them. In the meantime, let us quickly and overwhelmingly attend to the urgent priority needs of all social security recipients by resoundingly approving this bill, however delayed, that will extend Cost of Living increase benefits to some 21 million senior American citizens who are justly entitled to them.

Mr. YOUNG of Florida. Mr. Chairman, I rise in support of H.R. 11333, the Social Security Act Amendments of 1973. This legislation provides for a much-needed increase in social security benefits and supplemental security income—SSI—payments to the aged, blind and disabled.

Recent rapid increases in the cost of living have made an increase in social security benefits for our older Americans a top priority for the Congress. In June of this year, the Congress voted to speed up the cost of living increase originally scheduled for January 1975 to July 1974. I felt that even this action did not provide enough relief, and therefore sponsored H.R. 11005, a bill calling for a 7-percent increase effective in January 1974.

The Social Security Act amendments which we are considering today represent an effort at compromise between the need of our senior citizens for an increase in benefits and the requirement for fiscal responsibility in the social security trust funds. H.R. 11333 provides a 7-percent increase in benefits effective in the April 1974 checks and an additional 4-percent increase to be given in the July 1974 checks, a grand total of 11 percent. This means that the average monthly payment for a single retired worker will rise from $162 to $181 in July of 1974; a retired couple now receiving $277 will have their income increased to $310 per month by July 1974.

The fiscal integrity of the trust funds will be insured by an increase in the taxable wage base and a slight increase in the tax rate itself. Workers will be taxed, starting in January 1974, on the first $13,200 of income at a rate for OASDI of 4.95 percent. Increasing social security taxes in January will provide the extra money for the $215 million in extra benefits to be paid in fiscal 1974 and the $250 million in extra benefits for fiscal 1975. Total social security payments now constitute over $55 billion, more than a fifth of our national budget, and it is therefore extremely important that the trust fund income and outgo remain properly balanced.

H.R. 11333 also provides a payment increase for recipients of supplemental security income—SSI. SSI is the new Federal program of income security for the aged, blind, and disabled which replaces the patchwork system of State welfare payments on January 1, 1974. As originally approved by the 92d Congress, SSI would have provided a guaranteed minimum payment of $130 per month for a single person or $195 for a couple with no other meaningful income sources. Because such aged, blind, and disabled poor are especially hard-hit by inflation, H.R. 11333 increases the January 1974 payment levels to $140 for a single person and $210 for a couple; in July 1974, these levels rise to $146 for a single person and $219 for a couple.

Clearly these social security amendments are of critical importance for our older Americans, and I sincerely hope that the Senate will act quickly to approve them and send them on to the President for signature. But I must add that I am disappointed in this legislation in two important respects.

First, by considering H.R. 11333 under a closed rule which prevents amendment by the House, we are kept from considering certain other important issues related to social security. I have introduced H.R. 2943, increasing the allowable outside earnings for social security recipients to $3,000. Many, many other Members have also introduced similar legislation to increase or remove the earnings limitation. These Members share my feeling that it is unfair to penalize those social security recipients who wish to continue working and making a contribution to our economy. Yet because of the closed rule, I am prevented from offering my bill as an amendment today, even though a majority of Members would favor its passage.

A second problem which is even more pressing to millions of Americans is the effect of next year's 11-percent increase on veterans' pensions. Once again the Congress is giving with one hand and taking away with the other hand. We have not even solved the problems caused by the last social security increases. H.R. 9474, a bill providing a 10-percent increase in veterans' pensions, is still bouncing back and forth between the House and Senate. The intent of this legislation was to restore the cuts caused by the last social security increase. With luck, it will receive final congressional approval before Christmas. Yet veterans who are also dependent on social security payments will have a "breather" of just a few short months before they are once again penalized by a social security increase.

On the first day of the 93d Congress this year, I reintroduced my bill to protect veterans' pensions against losses due to social security increases, and on June 12 I testified on behalf of this legislation before the House Veterans' Affairs Committee. In my testimony I pointed out the critical need to give relief to our veterans and cited a few of the many examples from the hundreds of letters which I have received on the pension cuts. I urged the committee to act quickly because inflation was having a cruel impact on the pensioners in my district and every single dollar could mean a difference between sickness and health, eating and not eating.

Mr. Chairman, it is now the middle of November and the necessary legislation has not been approved. Moreover, we are in the process of starting the vicious circle all over again next year. Therefore, as I cast my vote in support of the 11-percent social security increase, I would also express to my colleagues on

the Veterans' Affairs Committee my deep concern for the veterans and dependents of veterans who await similar relief from the scourage of inflation.

Mr. DORN. Mr. Chairman, the 11-percent increase in social security now before the House has my full support. Our senior citizens, many of whom rely on annuities and other fixed income, are hit the hardest by the continuing increase in the cost of living. They are the victims of inflation. Many of our people have paid into social security since it was set up in 1937. They deserve the increase in benefits. This bill would provide for about 30 million of our people an additional $2.4 in benefits. Social security would be raised 7 percent in March and an additional 4 percent in June 1974. This social security increase is good government and good economics. I support it completely, and urge its passage by an overwhelming vote.

Mr. ANNUNZIO. Mr. Chairman, I rise in support of H.R. 11333, the Social Security Act amendments. This bill would amend the Social Security Act to provide benefit increases to social security recipients as well as increases in supplemental security income benefits. It would meet the pressing needs of approximately 30 million people in our Nation who depend on social security benefits for their major source of income, and merits immediate enactment.

H.R. 11333 provides a 7-percent increase in social security benefits as of March 1974 and an additional 4-percent increase beginning with June 1974.

It also provides an increase in supplementary security benefits, by speeding up the benefit increases provided in the recent enactment of Public Law 93-66. Under that law, a single individual's benefits were increased from $130 to $140 per month, and a couple's benefits were increased from $195 to $210, payable in July 1974. H.R. 11333 would make these increased benefits payable this coming January.

Moreover, further increases, $6 per month for a single individual and $9 for a couple, would be granted in July 1974.

Finally, H.R. 11333 would also bring the long-range actuarial deficit of the system under more control by increasing the annual amount of earnings subject to tax. It is a compromise measure designed to provide an urgently needed cost-of-living increase while at the same time maintaining the fiscal integrity of the system's financing.

The Social Security Act was envisioned to provide our older population with a floor of income protection. It has been amended 10 times to keep up with the increased costs of living in our society. But no one could have foreseen the rampant inflation that has taken our country by storm these past few years. Prices of essentials—food, and shelter, and medical care—have skyrocketed, and the people that are hurt the most by these spiraling prices are our retired and elderly; those on fixed incomes.

In 1972, most elderly families had incomes below $5,960, which was less than half the income of their younger counterparts. About 1 elderly couple in 10 had an annual income of less than $2,500, and approximately 22 percent of our older individuals were living in households with icomes below the official poverty index.

I cannot imagine anything more disheartening than the situation which faces so many of our elderly—being "strapped in" by a fixed income that daily seems to dwindle, buying less of their needs and essentials. And this economic nightmare does not promise to get better. Surely a man who has labored long and devotedly his whole life for his family and for our Nation deserves more than this.

As critical as the situation was in 1972—even with the 20 percent increase at the beginning of this year—conditions promise to grow more critical without the assistance H.R. 11333 would provide.

Our elderly over 65 now comprise over 10 percent of our population. During their life span our society has changed dramatically, and inflation and the shrinking dollar have taken a heavy toll.

All of us know that the annual increase in the cost of living index has been fantastic—in excess of 6 percent since 1972; that farm price increases have been almost unbelievable—one need only to recall the giant 20 percent increase recorded from July 15 to August 15, 1973—which was the biggest 1-month rise on record; and total food prices have increased better than 16.3 percent annually. Additionally, rents and medical costs have soared, and our older people are hard put just trying to keep food on the table and a roof over their heads.

This appalling rate of inflation is difficult for everyone, but it is hardest of all for our senior citizens who are living on fixed incomes. We cannot permit our elderly to fall victim to these humiliating conditions without extending a helping hand. I urge the swift and final passage of H.R. 11333. We are in a position to provide relief to millions of our people. I do not see how we can do otherwise.

Mr. REID. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentlewoman from Michigan (Mrs. GRIFFITHS).

This amendment will benefit no one. Rather, it will deprive the majority of the aged, blind, and disabled in this country a vitally needed increase in SSI benefits. This amendment will have the effect of rewarding those States that have traditionally had low benefit levels and will penalize the States which have been out in the forefront on assistance to these needy people.

What this amendment will achieve is a savings of dollars. States with low benefit levels will continue to have the Federal Government absorb the full cost of this increase while States such as New York will have to expend somewhere in the order of $50 million in order to pay for this SSI increase.

Most important, as always is the case, it is the most deprived individuals in our society who will suffer the most—our aged, blind, and disabled poor. We are the most affluent Nation in the world and yet we have millions of individuals who through no fault of their own are living in the most dire circumstances. How can we here in Congress, spending millions on defense, deny almost 70 percent of our aged, blind, and disabled population 30 cents a day for an individual and 50 cents a day for a couple? And yet, quite clearly, this will be the effect of the amendment offered here today.

The question is the Federal Treasury on the one hand, and our poorest aged, blind, and disabled Americans on the other.

For this reason, I strongly urge my colleagues to support the committee's recommendations and to defeat the Griffiths amendment.

Mr. GOLDWATER. Mr. Chairman, during the debate on H.R. 11333, I have listened to some very thoughtful arguments about the future course of the social security program. My distinguished colleague from New York (Mr. CONABLE) raised some very telling points during the debate yesterday concerning the economic future of social security as did many of our colleagues. I have also been impressed with the debate on the amendment offered by the gentlewomen from Michigan (Mrs. GRIFFITHS) regarding the new SSI financing arrangement.

However, one point missing in this debate that deserves the attention of every Member of this body is the growing use of the social security number as a standard universal identifier and the effect this has on a person's individual privacy. I realize that this point does not bear upon the specific bill before us today, but it should be mentioned during the debate.

Several of my colleagues have joined me in a bill pending before the Committee on Ways and Means, H.R. 11726, that would prohibit the use of the social security number without the consent of the individual holding the number for any purpose not directly related to the operation of the social security program.

Frankly, I wish that the rule on H.R. 1133 would have allowed me to introduce my bill as an amendment, especially in view of the fact that the social security program continues to expand and with that expansion the potential for abuses of the social security number also increases. I have received literally thousands of letters and telegrams in behalf of the bill, and in a great percentage of this correspondence, people related how their privacy had been violated as a result of indiscriminate use of the social security number. The specific examples are shocking, and they are certainly an indictment of our computerized society.

Mr. Chairman, when the social security program was initiated almost 40 years ago, America was a different country. Computers had not come of age, and the potential for privacy invasion was not too great. But the social security program has grown to a point never envisioned by its early supporters. It is now a cradle to grave program, and the social security number is a means to identify most Americans. So universal is the number that few documents relating to an individual fail to contain it.

It is only logical that if a person has a permanent number by which he can be identified, it becomes an efficient and expedient process to exchange information about him, from one data bank to another. In addition to such an exchange,

it can also encourage the Federal Government and certain types of private organizations to develop dossiers on much of the Nation's citizenry. This kind of activity should not be tolerated. It must be avoided.

Again, I only wish that procedure would allow me to offer this bill as an amendment to the social security increase legislation now before us. In this connection, I hope that the Ways and Means Committee will take up the bill in the near future.

Briefly stated, my bill requires that the use of the social security number be limited by law to those purposes that are mandated by Federal statute. It requires that Federal agencies and departments not request or promote the use of the social security number except to the extent justified by Federal law.

Additionally, the bill would also permit any person to refuse to disclose his social security number unless he is required to do so by Federal law, and it would prohibit the exchange of the social security number by an unauthorized group.

Mr. Chairman, it would be a great tragedy and a blow to the Bill of Rights if we allowed an identifying number for an economic security program to become the means by which Americans lost their right to privacy and entered the horrible world envisioned by the late George Orwell in his frightening novel, "1984."

Mr. SARASIN. Mr. Chairman, in adopting this present increase in social security, we are at least taking a small step to alleviate the unreasonable burden placed on many of our elderly and handicapped citizens by the inflationary spiral which has gripped our country.

Persistent month-by-month increases in the cost of living, particularly in food and other necessities of life, have been extremely hard on those dependent upon a fixed income, notably social security recipients. The present level of payments is simply not sufficient to meet today's needs: regrettably, neither is today's level of income into the social security trust fund.

While a significant cause of this problem is the past inability of the Federal Government to responsibly control its own spending, thus adding fuel to the inflationary fires, it is unconscionable to make our elderly and dependent citizens pay the penalty for this failure.

The adoption of this bill will at least go someway toward rectifying this serious problem for those persons who must depend on social security for their sustenance, their shelter, their clothes, and other necessities. It will still be difficult for these people, but there will be at least a little more security, a fraction more ease, a degree less apprehension as the bills become due.

I would be remiss if I did not reiterate the need for fiscal responsibility on the part of this body, for the adoption of sound, reasonable and enforceable budgetmaking procedures. I would much prefer to be speaking for a bill which could really be described as allowing our senior citizens to get a little ahead, rather than just trying to keep them from falling too far behind.

If we start by adopting this bill to meet the real and desperate need of the moment, and continue by doing those things necessary to control the inflation that contributes so much to that need, then in the future we will be able to consider such legislation in terms of adding a little something to the lives of our richly deserving older citizens, not just making up for what is being so cruelly and inexorably taken away.

Mr. DON H. CLAUSEN. Mr. Chairman, I wish to take this time to express my support of H.R. 11333 and the 11 percent increase in social security benefits it provides.

The increase represents a cost-of-living raise based upon the rise in the Consumer Price Index since the last increase plus an estimate of the increase between now and July of next year.

Many of my constitutents who are beneficiaries of the social security system have contacted me personally and by letter to point out vividly their failing attempts to cope with the perils of inflation.

It is to restate the obvious to say that inflation hurts those most on fixed incomes and the Nation's senior citizens have been battered this year.

They recognize as I do that the true solution to their problem lies not so much with repeated increases in social security benefits as it does in controlling inflation. It is easier for the Congress, however, to raise social security payments periodically than to bite the bullet and come up with a controlled, balanced Federal budget.

We persist in maintaining deficit spending during period of rapid inflation when we should be maintaining strict expenditure controls on the Federal budget. Cost-of-living increases only come after the damage has been done and the recipients' financial resources have already been eroded.

A second important point to consider and one related to the problem of inflation is the need to maintain the strong, fiscally secure financial integrity of the social security trust fund both to insure the ability of the fund to meet the future needs of beneficiaries and to minimize the impact any increase will have on inflation by adding to the Federal deficit.

If we blur in any way the distinction between the insurance concept of social security and the welfare concept of other assistance programs, we will do a grievous disservice to present and future social security recipients.

The gentleman from Illinois (Mr. COLLIER) has pointed out that an employee paying the maximum social security contribution each year from age 23 to age 65 could put that money in a savings account at 6 percent interest and have $221,863 at age 65.

I am quite certain that no social security recipient can expect to see benefits even approaching $221,863 and if he could he would not be worried much about keeping up with inflation.

Any individual should be able to get back from the social security system as much or more than he puts in since this is the basic concept behind insurance.

Finally, we must not forget the workingman who is paying into the social security trust fund and who is not yet receiving the benefits of the system.

Next year the workingman will be paying up to $772 to the trust fund which will be combined with his employer's contribution making a total of $1,544. For many workers this will mean that they will be paying more in social security taxes than in income taxes.

As I have stated, we must not find ourselves in a situation where the workingman does not get in benefits what he pays in contributions. If such a case arises we can find ourselves in the devastating situation where the worker will not support the social security program. Such a feeling would mark the end of social security as a viable program since it depends upon the support of the working man and woman for payments to the retired man and woman.

The social security program is a long-run continuing insurance program. Under no circumstances whatsoever should we take any short-term actions which will jeopardize its fiscal or political support over the long term.

Therefore, Mr. Chairman, I strongly urge the House Committee on Ways and Means to hold a full-scale public hearing into the issues and problems facing the system.

I recognize the questions that have brought the committee to approve this legislation without indepth hearings but I believe they could be resolved to some extent by holding any investigatory hearing in the near future.

I will be pleased when the automatic cost of living provision in the social security law goes into effect so increases can be routinely made in accordance with the dictates of the economy and without the need for the beneficiaries coming to the Congress and asking for a new law.

Mr. HORTON. Mr. Chairman, I rise in support of H.R. 11333, to increase social security benefits and supplemental security income benefits. At the same time, I wish to state my opposition to the Griffiths amendment, which would work a hardship on those States which have expended the most funds and effort in pursuit of progressive welfare policies.

For some months, I have called for a more adequate congressional response to enable the elderly at the earliest possible date to cope with the tremendous inflation which has occurred since the last increase in social security benefits. I have been especially concerned with the rapid rise over the past year in food, housing, and medical care costs, which together make up a substantial portion of the budget of elderly Americans.

Simultaneously, Mr. Chairman, and for more than three Congresses, I have sought to focus congressional attention on the need for major reforms in the system we use to finance social security payments. Especially in periods of inflation, which we have experienced over the past decade, it is not fair to fund social security payments solely from trust funds provided by regressive payroll taxes. I was deeply impressed by the minority views included in the Ways and

Means report on this bill, signed by Congressman HERMAN SCHNEEBELI, JOEL BROYHILL, and BARBER B. CONABLE, Jr. They make the point that while it is essential to responsibly meet the needs of the elderly and other social security beneficiaries, it is not responsible to continue to do so by patching on to an outdated funding system, across-the-board increases paid for by spiraling increases in employer and employee payroll taxes. To a considerable extent, the social security system has changed from what it was originally intended to be—an individual insurance system. Today, much of what is paid out as benefits is more in the category of welfare and income maintenance payments than insurance benefits. For years, I have been urging the Congress to change funding procedures so that at least the "welfare" segments of the system would be paid for from the general fund—which, in the main, is raised through progressive taxes. This would considerably lighten the load on the wage earner who must now pay a sizable portion of his income in social security taxes, in addition to Federal income and excise taxes, and State and local taxes.

In short, Mr. Chairman, I support the 11-percent increase because I believe it is justified by the inflation we have experienced, but I wish to lend my support to those on the Ways and Means Committee who feel it is time for the Congress to reform the social security funding system in ways that will provide fairness to the wage earner as well as to the elderly.

Mr. VANIK. Mr. Chairman, I am pleased to support H.R. 11333, which provides a 7-percent increase in social security benefits beginning in March 1974, payable in April, and an additional 4-percent increase beginning with June 1974, payable in the July 1974 check.

It is only proper and right that the Ways and Means Committee and the House of Representatives have responded to the urgent need to recognize the economic plight of the elderly in this time of record inflation. This summer, during July, August, and September, the cost-of-living index rose at a seasonally adjusted annual rate of 10.8 percent. Food—which makes up an especially large percentage of the budget of the elderly—rose during the 3 summer months by an annual rate of 28.8 percent. Thankfully, some food costs now appear to be headed lower—but the total increase remains devastating.

Mr. Chairman, I hope that this 11-percent increase will be enough. I fear that because of the energy crisis, our economy will be in for a roller coaster ride. Prices are likely to be erratic. Because of the fuel shortages, food prices may head back up. Heating costs and home maintenance will certainly be up. If there are shortages and cold weather, the elderly, who may be more susceptible to winter colds, may face additional medical expenses.

In this period of chaotic behavior of the economy, we must stand ready to make necessary adjustments in the social security program. Failure to act and delay in acting can only destroy confidence in the "security" of the program; and I am sure that the Congress will never permit that to happen.

The benefit increases provided by this bill will provide some significant improvement in the monthly payout. The following table has been prepared to indicate the range of benefit levels and the dollar and cents meaning of the bill we are voting on today:

ESTIMATED EFFECT OF SPECIAL BENEFIT INCREASE OF 7 PERCENT, EFFECTIVE MARCH 1974 AND PERMANENT 11-PERCENT INCREASE EFFECTIVE JUNE 1974, ON AVERAGE MONTHLY BENEFIT AMOUNTS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

Beneficiary group	Average monthly amount		
	Before 7-percent increase	After 7-percent increase	After 11-percent increase
Average monthly family benefits:			
Retired worker alone (no dependents receiving benefits)	$162	$173	$181
Retired worker and aged wife, both receiving benefits	277	296	310
Disabled worker alone (no dependents receiving benefits)	179	191	199
Disabled worker, wife, and 1 or more children	363	388	403
Aged widow alone	158	169	177
Widowed mother and 2 children	390	417	433
Average monthly individual benefits:			
All retired workers (with or without dependents also receiving benefits)	167	178	186
All disabled workers (with or without dependents also receiving benefits)	184	197	206

The bill provides that the automatic cost-of-living provision, originally scheduled to begin in January, 1975, will now begin in June, 1975. The amount of that increase would be equal to the level of inflation between the middle of 1974 and the first 3 months of 1975.

Although I favored increased benefits as of January 1, the action of the Ways and Means Committee substantially responds to the pleas I made before the Rules Committee to make a social security increase a part of the debt ceiling bill, which will reach the President this month.

In our committee consideration of the social security increase, I was shocked by the testimony of administration officials who contended that they required a 5- or 6-month leadtime to adjust the computers to write the checks at the increased benefit level.

This testimony came as a complete surprise, since earlier social security adjustments were put through the computers in 60 to 90 days. The leadtime required to make the social security computer adjustments was a considerable factor in the committee decision to make the 7-percent increase effective on March 1 and payable in the April checks.

This deferred action will be difficult on our retired elderly who have already suffered a bitter, agonizing 12 months of inflationary explosion.

It was my hope that the annual exempt amount under the retirement income test could have been increased to recognize the impact of inflation and to recognize particularly the plight of those who are in the lower levels of social security, lack any other form of support, and must work to survive.

The social security actuaries estimate that under the present system of automatic cost-of-living adjustment, the annual income exempt under the retirement test will be as follows:

Exempt retirement income

1974	$2,400
1975	2,520
1976	2,640
1977	2,880
1978	2,880

This level of exempt income under the retirement test under present law completely disregards the rate of inflation and the widening gap between social security benefit payments and the cost of living for those with relatively lower levels of social security benefits.

It is my hope that the inflationary spiral will halt and make it possible for the American people to catch up with the price spiral which so seriously threatens our standard of living.

Because of the level of inflation during the past year, an actuarial shortage has developed in the trust funds. There has been some comment on this problem in the media recently and I have received several inquiries from concerned beneficiaries.

Let me stress here that the trust funds will never go bankrupt and the checks will always be mailed—as long as there is a Federal Government. Periodically, changes may have to be made in the tax base or tax rate to keep the fund self-financing. If social security tax changes are not desirable, then legislation would be passed so that funds would be provided from other sources.

But to keep the fund self-financing—that is, not dependent on general revenues from the income tax, and so forth—it will be necessary at this time to increase the taxable base from a planned $12,600 to $13,200. I regret the need for any tax increase at this time, but feel that an increase in base is much less regressive than an increase in tax rate. I would hope that in the future, as the committee considers trust fund financing, we will be able to develop a more progressive and equitable system of financing benefits.

Mr. ULLMAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Michigan (Mrs. GRIFFITHS).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BURTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were ayes 246, noes 163, not voting 24, as follows:

[Roll No. 591]

AYES—246

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bevill
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Ga.
Davis, S.C.
de la Garza
Denholm
Dennis
Derwinski
Devine
Dickinson
Diggs
Dingell
Dorn
Downing
Duncan
du Pont
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Fisher
Flowers
Flynt
Ford, Gerald R.
Ford, William D.
Fountain
Frenzel
Frey
Fuqua
Gettys
Giaimo
Gibbons
Ginn
Gonzalez
Goodling
Gray
Green, Oreg.
Griffiths
Gross
Gude
Gunter
Guyer
Haley
Hamilton
Hammer-schmidt
Hanrahan
Hansen, Idaho
Harsha
Hays
Hébert
Hechler, W. Va.
Henderson
Hicks
Hillis
Hogan
Holt
Huber
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kluczynski
Kuykendall
Landrum
Latta
Lehman
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McKay
McKinney
McSpadden
Madden
Mahon
Mallary
Mann
Martin, N.C.
Mayne
Mazzoli
Meeds
Michel
Milford
Miller
Mizell
Mollohan
Montgomery
Mosher
Murphy, Ill.
Myers
Natcher
Nedzi
Nelsen
Nichols
O'Brien
O'Hara
Owens
Parris
Passman
Patman
Pepper
Perkins
Pickle
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rarick
Regula
Riegle
Roberts
Robinson, Va.
Rogers
Roncallo, Wyo.
Rose
Rostenkowski
Roush
Roy
Runnels
Ruppe
Ruth
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shoup
Shriver
Shuster
Sikes
Skubitz
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Stephens
Stubblefield
Stuckey
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Teague, Tex.
Thomson, Wis.
Thone
Thornton
Treen
Udall
Vander Jagt
Vanik
Vigorito
Waggonner
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Yates
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zablocki
Zion
Zwach

NOES—163

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Ashley
Aspin
Badillo
Barrett
Bell
Bergland
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Brasco
Brooks
Brown, Calif.
Burgener
Burke, Mass.
Burton
Carney, Ohio
Chisholm
Clausen, Don H.
Clawson, Del
Conte
Conyers
Corman
Cotter
Cronin
Culver
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Donohue
Drinan
Dulski
Edwards, Calif.
Eilberg
Evans, Colo.
Findley
Fish
Flood
Foley
Forsythe
Fraser
Frelinghuysen
Froehlich
Gaydos
Gilman
Goldwater
Grasso
Green, Pa.
Grover
Gubser
Hanley
Hanna
Hansen, Wash.
Harrington
Hastings
Hawkins
Heckler, Mass.
Heinz
Helstoski
Hinshaw
Holifield
Holtzman
Horton
Hosmer
Howard
Hunt
Johnson, Calif.
Karth
Kastenmeier
Kemp
Ketchum
King
Koch
Kyros
Landgrebe
Leggett
Lent
McCormack
McEwen
McFall
Macdonald
Madigan
Mailliard
Maraziti
Mathias, Calif.
Matsunaga
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Moorhead, Pa.
Moss
Murphy, N.Y.
Nix
Obey
O'Neill
Patten
Pettis
Peyser
Pike
Podell
Rangel
Rees
Reid
Reuss
Rinaldo
Robison, N.Y.
Rodino
Roe
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rousselot
Roybal
Ryan
St Germain
Sandman
Schroeder
Shipley
Slack
Smith, Iowa
Stanton, James V.
Stark
Steele
Steiger, Wis.
Stokes
Stratton
Studds
Talcott
Teague, Calif.
Thompson, N.J.
Tiernan
Towell, Nev.
Ullman
Veysey
Waldie
Walsh
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wolff
Wydler
Wyman
Yatron
Young, Ga.
Young, Tex.

NOT VOTING—24

Blackburn
Buchanan
Burke, Calif.
Carey, N.Y.
Clark
Clay
Collins, Ill.
Davis, Wis.
Dellenback
Fulton
Harvey
Keating
Litton
Long, Md.
Martin, Nebr.
Mathis, Ga.
Mills, Ark.
Minshall, Ohio
Morgan
Rhodes
Rooney, N.Y.
Sisk
Smith, N.Y.
Van Deerlin

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there any further committee amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11333) to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes, pursuant to House Resolution 695, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

RECORDED VOTE

Mr. ULLMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 391, noes 20, not voting 22, as follows:

[Roll No. 592]

AYES—391

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Brasco
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford, Gerald R.
Ford, William D.
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Gray
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammer-schmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Keating
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mailliard
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Podell
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski

Roush	Steed	Walsh
Roy	Steele	Wampler
Roybal	Steelman	Ware
Runnels	Steiger, Ariz.	Whalen
Ruppe	Steiger, Wis.	White
Ruth	Stephens	Whitehurst
Ryan	Stokes	Whitten
St Germain	Stratton	Widnall
Sandman	Stubblefield	Williams
Sarasin	Stuckey	Wilson, Bob
Sarbanes	Studds	Wilson, Charles H., Calif.
Scherle	Sullivan	
Schneebeli	Symington	
Schroeder	Talcott	Wilson, Charles, Tex.
Sebelius	Taylor, Mo.	
Seiberling	Taylor, N.C.	Winn
Shipley	Teague, Calif.	Wolff
Shoup	Teague, Tex.	Wright
Shriver	Thompson, N.J.	Wyatt
Shuster	Thomson, Wis.	Wydler
Sikes	Thone	Wylie
Skubitz	Thornton	Wyman
Slack	Tiernan	Yates
Smith, Iowa	Towell, Nev.	Yatron
Smith, N.Y.	Treen	Young, Alaska
Snyder	Udall	Young, Fla.
Spence	Ullman	Young, Ga.
Staggers	Vander Jagt	Young, Ill.
Stanton, J. William	Vanik	Young, Tex.
	Veysey	Zablocki
Stanton, James V.	Vigorito	Zion
	Waggonner	Zwach
Stark	Waldie	

NOES—20

Archer	Dennis	Poage
Armstrong	Fisher	Rousselot
Burleson, Tex.	Goldwater	Satterfield
Camp	Goodling	Symms
Collier	Gross	Wiggins
Collins, Tex.	Jarman	Young, S.C.
Crane	Landgrebe	

NOT VOTING—22

Blackburn	Dellenback	Minshall, Ohio
Buchanan	Dorn	Morgan
Burke, Calif.	Green, Oreg.	Rhodes
Carey, N.Y.	Harvey	Rooney, N.Y.
Clark	Litton	Sisk
Clay	Martin, Nebr.	Van Deerlin
Collins, Ill.	Mathis, Ga.	
Davis, Wis.	Mills, Ark.	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Dorn.
Mr. Sisk with Mr. Clay.
Mr. Van Deerlin with Mr. Rhodes.
Mrs. Burke of California with Mr. Minshall of Ohio.
Mr. Mills of Arkansas with Mr. Blackburn.
Mrs. Collins of Illinois with Mr. Dellenback.
Mr. Litton with Mr. Buchanan.
Mrs. Green of Oregon with Mr. Harvey.
Mr. Morgan with Mr. Davis of Wisconsin.
Mr. Clark with Mr. Martin of Nebraska.
Mr. Carey of New York with Mr. Mathis of Georgia.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

93D CONGRESS
1ST SESSION

H. R. 11333

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 1973
Read twice and referred to the Committee on Finance

AN ACT

To provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201 (a) (1) of Public Law 93–66 is amended by striking out "payable under title II of the Social Security Act" and all that follows and inserting in lieu thereof the following: "payable under sections 202 and 223 of the Social Security Act, and each benefit amount

specified in sections 227 and 228 of such Act, by a dollar amount equal, in the case of any benefit or payment, to 7 per centum of the actual amount of the benefit or payment as otherwise determined (adjusted to the next higher multiple of $0.10). For purposes of the preceding sentence, the 'actual amount' of a benefit or payment as otherwise determined is the amount of such benefit or payment as determined under the provisions of title II of the Social Security Act (other than section 215(a)(3)) and without regard to this section, before any offsets and before the application of section 202(i) and section 203(b) through (l) but after the application of section 202(k), (q), and (w) and section 203(a) of such Act.".

(b) Section 201(a)(2) of such Act is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of such Act is repealed.

(d) Section 201(c)(2) of such Act is amended by striking out "(except for purposes of section 203(a)(2) of such Act, as in effect after May 1974)".

(e) Section 201(d) of such Act is amended by striking out "December 1974" each place it appears in the first

sentence and inserting in lieu thereof "May 1974", and by striking out the second sentence.

(f) (1) Section 215(a)(3) of the Social Security Act is amended by striking out "$8.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
"----------	$16.20	$84.50	----------	$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.30
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
21.29	21.88	98.10	90	90	108.90	163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.09	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
$26.95	$27.46	$121.40	$114	$118	$184.80	$202.20
27.47	28.00	123.30	119	122	186.90	205.40
28.01	28.62	125.10	123	127	188.90	208.40
28.63	29.26	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.80
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	184	188	165.20	247.80
36.41	37.03	150.90	189	193	167.50	251.40
37.09	37.60	152.70	194	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.98	158.20	208	211	175.70	263.60
39.99	40.38	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.98	172.70	245	249	191.70	292.10
44.99	45.60	174.80	250	253	194.10	298.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	303.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.80	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		240.30	418	421	266.80	493.60
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.20
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.30	516.50
		250.60	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.90
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$260.90	$474	$478	$389.60	$535.80
		262.60	479	492	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.90
		286.80	544	548	318.40	576.80
		288.40	549	553	320.20	579.80
		290.10	554	559	322.10	581.50
		291.50	557	560	323.60	583.90
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.90
		300.60	578	581	333.70	596.10
		302.20	582	584	335.50	597.90
		303.60	585	589	337.00	600.30
		305.30	589	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.30	603	605	345.60	610.30
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		320.40	624	627	355.70	623.20
		321.90	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	646.70
		334.10	661	665	370.90	649.10
		335.20	666	670	372.20	651.40
		336.50	671	675	373.60	653.70
		337.70	676	680	374.90	656.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.50	696	700	380.20	665.40
		343.70	701	705	381.90	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.50	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	393.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	395.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20
		364.50	796	800	404.60	708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$367.50	$811	$815	$408.00	$714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.30	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.90	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	875	421.30	737.30
		380.50	876	880	422.40	739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	424.60	743.10
		383.50	891	895	425.70	745.10
		384.50	896	900	426.80	747.00
		385.50	901	905	428.00	749.00
		386.50	906	910	429.10	750.90
		387.50	911	915	430.20	752.90
		388.50	916	920	431.30	754.70
		389.50	921	925	432.40	756.70
		390.50	926	930	433.50	758.60
		391.50	931	935	434.60	760.60
		392.50	936	940	435.70	762.50
		393.50	941	945	436.80	764.50
		394.50	946	950	437.90	766.40
		395.50	951	955	439.10	768.40
		396.50	956	960	440.20	770.30
		397.50	961	965	441.30	772.30
		398.50	966	970	442.40	774.20
		399.50	971	975	443.50	776.20
		400.50	976	980	444.60	778.00
		401.50	981	985	445.70	780.00
		402.50	986	990	446.80	781.90
		403.50	991	995	447.90	783.90
		404.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.50
			1,006	1,010	451.00	789.30
			1,011	1,015	452.00	791.40
			1,016	1,020	453.00	792.80
			1,021	1,025	454.00	794.50
			1,026	1,030	455.00	796.30
			1,031	1,035	456.00	798.00
			1,036	1,040	457.00	799.80
			1,041	1,045	458.00	801.50
			1,046	1,050	459.00	803.30
			1,051	1,055	460.00	805.00
			1,056	1,060	461.00	806.80
			1,061	1,065	462.00	808.50
			1,066	1,070	463.00	810.30
			1,071	1,075	464.00	812.00
			1,076	1,080	465.00	813.80
			1,081	1,085	466.00	815.50
			1,086	1,090	467.00	817.30
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80."

(b) Sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" and "$29.00" each place they appear and inserting in lieu thereof "$64.40" and "$32.20", respectively.

(c) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202 (i) of such Act in the case of deaths occurring after such month.

(d) Section 202 (a) (3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (i) of section 215 (i) (1) (A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 in each year after 1974, or".

(b) Clause (ii) of section 215 (i) (1) (B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and".

(c) Section 215 (i) (2) (A) (i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975".

(d) Section 215 (i) (2) (A) (ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year"; and

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of sections 203(f)(8), 215(i)(1)(B), and 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j)(1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the

calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month of the calendar year" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the cal-

endar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).".

(2) Section 203 (f) (8) (B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215 (i) (1) (A)) in such year".

(3) Section 203 (f) (8) (C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215 (i) (3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a) (1) Section 210 (c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211 (a) (1) (A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611 (a) (1) (A) and section 1611 (b) (1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each

amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611 (a) (2) (A) and section 1611 (b) (2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211 (a) (1) (A) of Public Law 93-66 (as amended by subsection (a) (2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

INCREASE IN EARNINGS BASE

SEC. 5. (a) (1) Section 209 (a) (8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211 (b) (1) (H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213 (a) (2) (ii) and 213 (a) (2) (iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215 (e) (1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b) (1) Section 1402 (h) (1) (H) of the Internal Revenue Code of 1954 (relating to definition of self-employment

income) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof $13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax)

is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93-66.

CHANGES IN TAX SCHEDULES

SEC. 6. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111 (a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b) (1) Section 1401 (b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111 (b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b) (1) shall

apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201 (b) (1) of the Social Security Act is amended by striking out "(E)" and all that follows down through "which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201 (b) (2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of

self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

Passed the House of Representatives November 15, 1973.

Attest: W. PAT JENNINGS,

Clerk.

93D CONGRESS
1ST SESSION

H. R. 11333

AN ACT

To provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

NOVEMBER 16, 1973
Read twice and referred to the Committee on Finance

SOCIAL SECURITY AMENDMENT (H.R. 11333) PLACED ON CALENDAR

Mr. LONG. Mr. President, I ask unanimous consent that the Committee on Finance be discharged from further consideration of H.R. 11333 and that the bill be placed on the calendar and that it be in order for the Senate to proceed to consider it today.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

* * * * *

UNANIMOUS-CONSENT AGREEMENT ON H.R. 11333, SOCIAL SECURITY AMENDMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when H.R. 11333, the social security bill, is before the Senate, there be a time limitation of 1 hour on an amendment by the distinguished Senator from Louisiana (Mr. LONG), the chairman of the committee, to be offered en bloc, and 1 hour on the bill, the time in each instance to be divided between Senator LONG and Senator CURTIS or their designees.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ALLEN. Reserving the right to object, is this the social security bill?

Mr. MANSFIELD. Yes.

Mr. ALLEN. What about other amendments?

Mr. LONG. Perhaps I can explain.

The social security bill is in conference, and it will necessarily have to remain in conference, because there are important items in conference to which the House does not want to say "no," but which the House cannot accept without further consideration. So we are proposing to call up a social security bill that remained in the committee, to amend it by adding those items on which pensioners and the poor will be victimized unless we act between now and January, those items which have an immediate urgency about them, and leave the other items, which include the big cost items, in conference.

I can say that the cost-of-living social security and SSI increased are already included in H.R. 11333. As to the social services regulations that are of great interest to the States, any change in the old regulations would simply be postponed until January 1975 while the Mondale amendment relating to social services is ironed out next year between the conferees.

The big cost amendments, such as the coverage of drugs under medicare, the work bonus, the increase in the social security earnings limit, and other, will remain in conference between the two Houses.

We are informed that commitments have been made on the House side that before the House agrees to or rejects some of those amendments, the House will hold hearings in the Ways and Means Committee. The agreement among the conferees is that we will continue to work on these amendments and work out the best bill we can next year, but that meanwhile we should not adjourn without assuring social security beneficiaries and the aged, blind, and disabled poor that they will get the cost-of-living increases which the Senate has already approved, and that the unintended loss of food stamps eligibility or medicaid eligibility by the poor will be prevented, and other urgent items taken care of. To fail to take care of these various urgent items before the Senate and the House adjourn would mean that a great deal of inequity and injustice would occur.

Mr. ALLEN. What about the added tax and the added wages subject to social security? Would they be included in the amendment—the increase in tax and the increase in the amount covered?

Mr. LONG. As I recall the structure of the House bill, there is no increase in the total social security tax rate over the next few years. There would be an increase in the tax base next year, from $12,600 to $13,200. I intend to place in the RECORD tonight a summary of the items we believe the House would be willing to accept so that Senators can read it tomorrow.

Mr. GRIFFIN. I think the Senator from Alabama has done the Senate a service by asking these questions. I do not see how we could agree to a 1 hour time limitation on a bill on this basis.

Mr. LONG. We have not asked anyone to agree to a limitation on amendments. At this late hour in the session any Senator who does not like a bill has the power to kill it.

Mr. GRIFFIN. We are talking about a bill involving billions of dollars. I am surprised that the Senator is talking about no provision for taxes to pay for it.

Mr. LONG. There will be an increase in the tax rates for the social security cash benefit programs, but for the next few years it will be offset by a decrease in the medicare tax rates, resulting in no increase in the overall social security tax rates. Everything we are talking about is much less than the Senate voted for. We are talking about a measure that would cost a great deal less than what the Senate voted for. We would hope to trim down to simply provide a stopgap bill, other than the cost-of-living social security and SSI increases, so that we will not do an irresponsible thing when we adjourn and come back in January.

I did not mention one item that I should have, and the Senator from New York knows about it. The Javits amendment relating to unemployment insurance is one item that will remain in conference. But we believe the House will accept the amendment for a 90-day period so that no one will lose benefits because we quit without having resolved that matter.

I can assure the Senator that no one is going to be jeopardized, because there is no limitation on amendments to be offered, and none is being asked. Senators can offer amendments from now until kingdom come. I could kill the bill and every other Senator could kill the bill.

Mr. MANSFIELD. It is my understanding that the ranking Republican member of the committee, the Senator from Nebraska (Mr. CURTIS) is in favor of this proposal; that all members of the committee on the conference are, and all members on the committee and not in the conference that the chairman had access to indicated approval of this proposal.

Mr. LONG. Let me say we felt that it will take almost unanimous consent to pass this bill tomorrow. But the Senator from Nebraska (Mr. CURTIS) felt he could persuade the overwhelming majority of conservative members to do that, and the Senator from Minnesota,

(Mr. MONDALE) felt he could persuade the liberal members to do that. and I would hope to persuade those who now straddle both sides.

Mr. GRIFFIN. Perhaps I misunderstand. The unanimous consent request related only to the amendment——

Mr. LONG. To be offered by me.

Mr. GRIFFIN. That the Senator from Louisiana is going to offer on the bill. But if other amendmetns would be offered——

Mr. LONG. There would be no limitation.

Mr. GRIFFIN. The majority leader is correct in that the ranking Republican member (Mr. CURTIS), in the absence of the Senator from Utah (Mr. BENNETT), agreed to this, and in view of the fact there is not an absolute time limit on the whole subject and amendments can be offered without limitation, I will not object.

Mr. LONG. I thank the Senator. I feel confident he will not regret giving consent, and if he does, I will find a way to accommodate him.

Mr. MANSFIELD. I understand this is the only way, and it almost calls for unanimous consent, in which anything can be done by means of which an agreement could be reached between the two Houses which would be of benefit to the people on social security beginning the first of next year.

Mr. LONG. It is just about that way, I would say to the distinguished majority leader.

Mr. MANSFIELD. It is a skeletal bill compared with the Senate-passed bill.

Mr. LONG. That is the point. It is very much a skeleton version, including the items which must be passed before we adjourn sine die, without which there would be a lot of hardship on many people.

Mr. JAVITS. Will the House have passed this bill by the time it gets here in the morning with the amendments of the Senator from Louisiana, or will it take the House bill as we amended?

Mr. LONG. We would hope the House will accept the House bill as it will be amended by the Senate.

Mr. JAVITS. Fine.

Mr. LONG. We have been conferring with the House, and we know which items the House conferees on H.R. 3153 would be willing to recommend that the House accept at this time. It will take a two-thirds vote over there, but they think they can persuade the House to do that. We have high hopes we can persuade the House to vote this stopgap legislation through so that we can go home in a responsible fashion and continue to work on the big items in conference.

Mr. JAVITS. The only point of the limitation is that the Senator from Louisiana, the chairman of the committee, is limiting himself. really. Is that right? The Senator gets 1 hour on the bill and 1 hour on the amendments. It would limit everybody on the bill but not on the amendments.

Mr. LONG. I would like a limitation on the amendments I am offering en bloc. I am trying to indicate to Senators who have a special interest, like the Senator from New York, what the situation is. I am asking for a limitation on my amendment, but not on amendments by other Senators.

Mr. ALLEN. Mr. President, reserving the right to object, I have always felt the conference committee on the bills performs a great service in taking a Christmas tree bill and trimming it down considerably. I had anticipated that would be the case here if they considered it as part of one package. But what is being considered now is that certain goodies will be taken from the tree and put in a package, and we are supposed to accept that sight unseen.

I feel the proposal by the distinguished Senator would probably work to the detriment of the rest of the bill because the veto-proof matters would be passed on this new bill that is being brought up and would not be in the bill that is now in conference to guarantee its signature. Has the Senator considered that?

Mr. LONG. I have some familiarity with the ability of the Senator from Alabama and others in this body to prevent the Senate from passing the measure when they think it would be a very bad idea. I can assure the Senator that the parliamentary rights he has with respect to this bill greatly exceed the rights he would have from a parliamentary point of view if we were bringing back a conference report, which I wish we could. I am trying to offer to the Senate the bill that the conference report would be if we were able to bring one back now.

Mr. ALLEN. But what occurs to me is that the distinguished Senator from Louisiana is asking the Senate, to use an expression used down our way, to buy a pig in a poke because we do not know what is being suggested by the distinguished Senator from Louisiana from his sketchy recital of it.

Mr. LONG. All I am asking is that the Senate accord those of us who are conferees of the Senate the opportunity to have a vote on this amendment, and if the Senate, having agreed on it, is dissatisfied or if any one Senator feels sufficiently unhappy with it that he wants to kill the bill, he has all the power he needs to offer amendments and to discuss the matter and bring the whole thing to a halt. But I do not think the Senate is going to want to do that.

Mr. GRIFFIN. Mr. President, will the Senator yield for one question?

Mr. LONG. I yield.

Mr. GRIFFIN. Perhaps the Senator answered it before, but I did not hear it. Is he going to put in the RECORD tonight the text of the amendment, the text of the agreement?

Mr. LONG. The amendment I hope to offer is being drafted right now. I will put it in the RECORD and it will be available to the Senator in tomorrow morning's RECORD, so every Member of this body will have the opportunity to study it and ponder it before he comes here tomorrow, and each Senator can do whatever he wants to do about it at that point. All I would like to have is the opportunity to at least have a vote on the amendment, which in effect would be what the conferees would ask us to do.

Mr. GRIFFIN. The only important thing, as far as the rest of us are concerned, is that we know what we are voting on.

Mr. LONG. I will assure the Senator that we will provide Senators with that information. I ask unanimous consent that a summary of the amendment and the text of the amendment be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROPOSED AMENDMENTS TO H.R. 11333

SOCIAL SECURITY CASH BENEFITS

11% Benefit increase.—Under a provision enacted last year, social securitiy benefits will rise automatically as the cost of living rises. Under last year's law, the first cost of living increase would not have become effective until January 1975. In July of this year a provision was enacted increasing social security benefits by 5.9 percent, effective for June 1974; this increase would be an early partial payment of the larger cost-of-living increase already scheduled to become effective January 1975. The bill would replace this 5.9 percent increase effective June 1974 by an 11-percent cost-of-living increase in two steps. The first step would be a 7-percent increase effective March, April, and May 1974. This would be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level.

Automatic cost-of-living increases.—Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the same percentage that the cost of living has risen, beginning the January following the latter year. The bill would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1975, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.)

Financing.—Under the bill, wages taxable under social security would be increased from $12,600 in 1974 to $13,200; thereafter, the wage base would increase automatically as wages rise, as under present law. Total social security tax rates under the bill would not be increased until 1981, although future tax income would be shifted from the hospital insurance program into the cash benefit programs. The new tax rates are shown in the table below:

SOCIAL SECURITY TAX RATES

[In percent]

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	H.R. 11333	Present law	H.R. 11333	Present law	H.R. 11333
	Employer-employee, each					
1974 to 1977	4.85	4.95	1.00	0.90	5.85	5.85
1978 to 1980	4.80	4.95	1.25	1.10	6.05	6.05
1981 to 1985	4.80	4.95	1.35	1.35	6.15	6.30
1986 to 2010	4.80	4.95	1.45	1.50	6.25	6.45
2011 and after	5.85	5.95	1.45	1.50	7.30	7.45

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	H.R. 11333	Present law	H.R. 11333	Present law	H.R. 11333
	Self-employed					
1974 to 1977	7.00	7.00	1.00	0.90	8.00	7.90
1978 to 1980	7.00	7.00	1.25	1.10	8.25	8.10
1981 to 1985	7.00	7.00	1.35	1.35	8.35	8.35
1986 to 2010	7.00	7.00	1.45	1.50	8.45	8.50
2011 and after	7.00	7.00	1.45	1.50	8.45	8.50

SUPPLEMENTAL SECURITY INCOME

Increases in SSI benefits.—The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least $130 ($195 for couples). Under a provision enacted in July of this year, these amounts would be increased effective July 1974 to $140 for an individual and $210 for a couple. The bill would make these higher amounts of $140 and $210 effective from the start of the SSI program in January 1974. The bill also provides for a further increase, effective July 1974, to $146 for an individual and $219 for a couple.

Food stamp eligibility for SSI recipients.—Under present law many Supplemental Security Income (SSI) recipients will be eligible for food stamps; however, an aged, blind or disabled individual will be ineligible for food stamps for a given month if his SSI benefits plus any State supplementary payment are at least equal to the welfare payment plus the bonus value of the food stamps he would be eligible to receive if the State's December 1973 State plan were still in effect. This provision of law enacted this year will be extremely difficult to administer and would present problems of unequal treatment in food stamp eligibility for SSI beneficiaries. The amendment, therefore, would temporarily suspend this provision to allow a six month period for further study of the problems involved. Under the amendment, SSI beneficiaries would not be ineligible for food stamps during the months prior to July 1974. Because of the short time left before the SSI program becomes effective, however, the amendment includes a provision under which those States which have already made plans to "cash out" food stamps by providing higher benefits to offset the loss of food stamps would be permitted to do so, with recipients in those States ineligible for food stamps.

Limitation on grandfather clause for disabled individuals.—In enacting the new SSI program, the Congress provided that disabled persons on the rolls in December 1973 would continue to be considered to be disabled even if they did not meet the new definition of disability. The amendment would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.

SSI recipients living with AFDC families.—In June, the Congress enacted a grandfather clause to assure that current SSI recipients will have no reduction in total income when the new SSI program goes into effect in January. The amendment would permit the adjustment of the grandfather clause in such a way that it assures the same level of total family income (rather than the *individual's* total income) in those cases in which the SSI recipient resides with an AFDC family.

Continuation of demonstration projects.—The committee bill would permit the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles. The new Federal SSI program which next January will replace present programs of aid to the aged, blind and disabled does not provide for such waivers and funding of demonstration projects.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating 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.

The Senate, in an amendment incorporated in H.R. 3153, agreed to permit States to fashion their own social services programs within the limit of the Federal funds available. The House conferees wanted time to give this proposal full consideration, but they agreed that during an interim period the present HEW regulations should be suspended. Accordingly, the amendment includes a further suspension of the regulations until December 31, 1974. The suspension is retroactive to November 1, 1973, so that there would be no period prior to January 1, 1975 when the new regulations would be in effect.

MEDICARE AND MEDICAID AMENDMENTS

Medicaid eligibility.—The bill contains several sections treating the matter of Medicaid eligibility for SSI recipients. The bill contains a provision which would make Federal matching available for Medicaid benefits for any new SSI recipients, although coverage of these new recipients would be optional on the part of a State. The bill would make Medicaid coverage mandatory for those persons who receive a mandatory State supplemental payment in accordance with the provisions of Public Law 93-66. The amendment also provides that for other persons receiving a State supplemental payment only, coverage would be optional, depending upon the State's decision, but that a State must make eligibility determinations based upon some rational classifications of recipients. Additionally, the provision places an upper limit on the monthly income (initially $420 in the case of an individual) which an institutionalized person can have and still be "deemed" in special need and, therefore, eligible for Medicaid coverage in a State without a medically-indigent program.

Payments to substandard facilities.—The bill contains a provision which amends Title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State's Medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet Medicaid standards.

Reimbursement of institutions and organizations under Medicare.—The bill amends the effective date of Section 238 of P.L. 92-603 to accounting periods beginning after December 31, 1973 instead of December 31, 1972 as in present law. This section of the law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public. The provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

Reimbursement of physical therapists under Medicare.—Section 251 of P.L. 92-603, which details the approved means of reimbursing for the services of physical therapists under Medicare, has an effective date of January 1, 1973. In view of the fact that appropriate regulations implementing the provisions have not been issued as yet, the bill includes an amendment making section 251 of P.L. 92-603 effective following publication of the final regulations.

Supervisory physicians.—The bill includes an amendment directing the Secretary of Health, Education and Welfare to contract with the National Academy of Sciences to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings; the extent to which funds expended under Medicare and Medicaid are supporting the training of medical specialties which are in excess supply; how such funds could be expended in ways which support more national distribution of physician manpower both geographically and by specialty; the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates; and the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in Medicare.

UNEMPLOYMENT INSURANCE

Extended unemployment compensation.—Under present law, 13 weeks of extended unemployment insurance benefits (in addition to the 26 weeks of regular benefits) are available with 50 percent Federal financing if the rate of insured unemployment is high enough either nationally or in a particular State. Under the permanent provisions of present law, as they relate to triggering programs in individual States, insured unemployment in a State must be at least 4 percent and it must be at least 20 percent higher than it was in a comparable period in the two prior years. Under temporary provisions in the law, due to expire at the end of December, 1973, a State whose insured unemployment rate exceeds 4.5 percent may pay extended benefits with 50 percent Federal matching even though the unemployment rate drops to below 120 percent of the rate during the prior two years and may continue to make such payments so long as its insured unemployment rate does not drop below 4 percent. The amendment would, for a 90 day period, permit Federal matching of extended benefits in any State whose in-

sured unemployment rate exceeds 4 percent without regard to the 120 percent requirement.

CLERICAL AND CONFORMING AMENDMENTS

The amendment includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments.

SOCIAL SECURITY CASH BENEFITS

Automatic increases in earnings test exempt amount.—The amendment would provide that the percentage rise in the retirement test exempt amount under the automatic increase provisions (adopted in connection with the automatic cost-of-living benefit increase provisions) will be measured from the last increase in the exempt amount rather than from the last increase in tax base. This amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.

Increase in certain cases of delayed retirement.—When an individual delays his retirement past age 65, his benefits are increased 1 percent for each year of delay up to age 72. However, this increase for delayed retirement does not apply when a person is eligible for the special minimum benefit for low-wage, long-term workers (now a $170 monthly benefit if the worker has 30 years of covered employment). It is possible that an individual's primary insurance amount may be less than the special minimum benefit he is eligible for, but delaying retirement would yield a higher benefit than the special minimum. Under present law the individual could receive the lower benefit in this case; the amendment would let him take the higher benefit.

Elimination of special age 72 benefits for people entitled to SSI.—This amendment would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits and who are eligible for SSI payments. Under the present law, these special benefits are not payable to people who are receiving welfare payments. The 1972 amendments, however, failed to include a conforming change to prevent the payment of the special benefits to people receiving SSI payments.

SUPPLEMENTAL SECURITY INCOME

Limitations on eligibility determinations under resources tests of State plans.—The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973, will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. This amendment would remove the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 consecutive months will not be counted).

Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.—The SSI program includes a grandfather clause under which an individual who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. This amendment would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.

Correction of erroneous designations and cross-references.—This subsection would correct erroneous section numbers and cross references in the present law.

Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.—Payments under the SSI program may be made for up to three months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. Such payments are not considered overpayments under any condition under existing law. This amendment would allow such payments to be considered overpayments (and hence subject to recapture) if they were incorrectly made for reasons other than the fact the individual was found not to be disabled.

Technical correction of limitation of fiscal liability of States for optional supplementation.—Public Law 92-603 includes a savings clause under which States are assured that certain State supplementary costs under the SSI program will not exceed their costs under the old programs of aid to the aged, blind, and disabled during calendar year 1972. This amendment provides that in fiscal 1974, States will be guaranteed that these costs will not exceed an amount equal to one-half of their calendar 1972 costs. This change reflects the fact that the SSI program is in effect for only one-half a year in fiscal 1974. The amendment also restores a word inadvertently dropped from section 401 (c)(1) of Public Law 92-603.

Modification of transitional administrative provisions.—Public Law 92-603 included a transitional administrative provision requiring the States to agree to administer all or part of the new SSI program on behalf of the Federal Government, for a 1-year transitional period. As a result of an error in drafting, this 1-year transitional period would begin in July 1974, 6 months after the program is effective. The amendment would add the first 6 months of 1974 to the transitional period (making an 18-month period). This amendment also adds title VI (the new social services title for the aged, blind, and disabled) to the list of titles under which Federal funding would be denied to the States if they refuse to enter into these transitional arrangements.

Inclusion of title VI in limitation on grants to States for social services.—This amendment would change the social services limitation enacted in Public Law 92-512 to conform it to the transfer of services for the aged, blind, and disabled from the old titles I, X, XIV, and XVI to the new title VI.

Conforming amendments to general provisions of Social Security Act.—A number of general provisions in title XI of the Social Security Act dealing with the definition of the term "State", with demonstration projects, and with the procedures for review of State assistance plans do not reflect provisions enacted last year which transfer the services programs for the aged, blind, and disabled to a new title VI of the Act and which make special provision for programs for the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands. The amendment would conform these sections to the law enacted last year.

Transitional Federal payments.—P.L. 92-603 repeals the existing programs of aid to the aged, blind, and disabled at the same time that the new SSI program is commenced—January 1, 1974. The amendment would authorize the Secretary of HEW to continue to make payments to the States under the repealed programs for two purposes: (1) to meet the Federal matching obligation based on State expenditures prior to the repeal date, and (2) to match State expenditures after the repeal date in connection with closing out the old programs.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Federal matching for AFDC payments to Indians.—Under an Act of April 19, 1950 the Federal matching for assistance payments for the aged and the blind and for families with children is increased substantially with respect to assistance furnished to Navajo and Hopi Indians. Section 303(c) of P.L. 92-603 repealed this provision effective January 1, 1974 when the new SSI program takes effect. This amendment would restore that Act insofar as it applies to the AFDC program.

MEDICARE AND MEDICAID

Clarification of coverage of hospitalization for dental services.—The amendment clarifies that Medicare Part A coverage of hospitalization in connection with dental services is available only in behalf of an individual for whom a physician or dentist certifies that his underlying medical condition and clinical status require hospitalization in connection with the provision of such dental services.

Continuation of State agreements for coverage of certain individuals.—The amendment provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) on behalf of individuals eligible for the supplemental security income program.

Technical improvement of provisions governing disposition of HMO savings.—The amendment deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.

Technical improvement of provisions governing allowable HMO premium charges.—The amendment provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.

Application for assistance on behalf of deceased individuals.—The amendment clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.

Expansion of intermediate care facility ownership disclosure requirements.—The amendment contains a provision requiring the disclosure of the names of those who own obligations secured by the assets of the intermediate care facility as well as the names of those who are owners of the facility.

Technical modification of extended Medicaid eligibility for AFDC recipients.—P.L. 92-603 included a provision which would require States to provide Medicaid coverage for an additional 4-month period to persons who lose their eligibility for AFDC cash assistance and therefore Medicaid because of increased income. Th eamendment restricts to applicability of this provision to persons actually receiving AFDC payments (as opposed to persons eligible for but not actually receiving payments). It also extends coverage to persons who become ineligible for AFDC because of increased hours of employment as well as increased income.

Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.—The amendment contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicaid if such individuals had been enrolled in Part B of Medicare Current law includes this requirement for the aged.

Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.—The amendment clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.

Federal payments for family planning expenditures not limited to administrative

costs.—The amendment contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services and not merely for the cost attributable to administering such programs.

Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.—Current law provides that Federal matching will not be available under Medicaid for amounts expended for medical assistance with respect to individuals 65 or over which would not have been so expended if the individuals involved had been enrolled in Part B of Medicare. The amendment would extend this stipulation to disabled persons eligible for Medicare. This stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.

Utilization review by medical personnel associated with an institution.—The amendment eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.

Authority to prescribe standards under title XIX for active treatment of mental illness.—The amendment deletes the reference to regulations for active treatment under Medicare (which do not exist in such form) and gives the Secretary authority under Medicaid to establish such regulations.

Correction of erroneous designations and cross-references.—Corrects clerical errors in title XIX.

Deletion of obsolete provisions.—Deletes obsolete provisions in title XIX.

Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.—P.L. 92-603 included a provision providing a limitation on Federal participation for disapproved capital expenditures. The amendment provides that in the case of disapproved capital expenditures by an institution reimbursed on a fixed fee or negotiated rate basis, the Secretary shall determine the amount by which the reimbursement is to be reduced because of such expenditures. There is currently no provision governing the determination of reductions for institutions reimbursed on a fixed fee or negotiated rate basis rather than a per capita basis.

Technical improvement of authority to include expenses related to capital expenditures in certain cases.—The amendment corrects clerical errors.

AMENDMENT

Strike out all after the enacting clause and insert the following:

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201(a)(1) of Public Law 93-66 is amended by striking out "the percentage by which" and all that follows and inserting in lieu thereof the following: "7 per centum.".

(b) Section 201 (a)(2) of such Act is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of such Act is amended to read as follows:

"(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that—

"(1) the amount of such increase shall be 7 per centum,

"(2) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(e) of such Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (2)(B) of such section 202(e), and

"(3) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(f) of such Act for February 1974 (without the application of section 202(j)(f) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (3)(B) of such section 202(f).".

(d) Section 201(c)(2) of such Act is amended by striking out "May 1974" and inserting in lieu thereof "February 1974".

(e) Section 201(d) of such Act is amended by striking out "December 1974" each place it appears and inserting in lieu thereof "May 1974".

(f) Section 202(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increasde pursuant to any general benefit increase (as defined in section 215(i)(3)) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increase provided effective for March 1974, as though such redetermination had been made."

(g) Section 202(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increased pursuant to any general benefit increase (as defined in section 215(i)(3) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increased provided effective for March 1974, as though such redetermination had been made."

(h)(1) Section 215(a)(3) of the Social Security Act is amended by striking out "$9.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

(i) In the case of an individual to whom monthly benefits are payable under title II of the Social Security Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), and to whom section 202(m) of such Act is applicable for such month, such section shall continue to be applicable to such benefits for the months of March through May 1974 for which such individual remains the only individual entitled to a monthly benefit on the basis of the wages and self-employment income of the deceased insured individual.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
".....	$16.20	$84.50	.....	$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.30
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
$21.29	$21.88	$98.10	$90	$90	$108.90	$163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.00	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40
26.95	27.46	121.40	114	118	134.80	202.20
27.47	28.00	123.30	119	122	136.90	205.40
28.01	28.68	125.10	123	127	138.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.90
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	181	188	165.20	247.80
36.41	37.08	150.90	189	193	167.50	251.40
37.09	37.60	152.70	191	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.68	158.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.88	172.70	245	249	191.70	292.10
44.89	45.60	174.80	250	253	194.10	296.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	308.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		240.30	418	421	266.80	493.00
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.30
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.90	516.50
		250.60	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80
		260.90	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.90
		286.80	544	518	318.40	576.80
		288.40	549	553	320.20	579.80
		290.10	554	556	322.10	581.50
		291.50	557	560	323.60	583.90
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.90
		300.60	578	581	333.70	596.10
		302.20	582	584	335.50	597.90
		303.60	585	588	337.00	600.30
		305.30	589	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.30	603	605	345.60	610.30
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		320.40	624	627	355.70	623.20
		321.90	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	646.70
		334.10	661	665	370.90	649.10
		335.30	666	670	372.20	651.40
		336.50	671	675	373.60	653.70
		337.70	676	680	374.90	658.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.50	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.60	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	303.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	305.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20
		365.50	796	800	404.60	708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00
		367.50	811	815	408.00	714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.30	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.90	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	875	421.30	737.30
		380.50	876	880	422.40	739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	442.60	743.10
		383.50	891	895	425.70	745.10

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I	II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)	(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least— But not more than—		At least—	But not more than—		
	384.50	896	900	426.80	747.00
	385.50	901	905	428.00	749.00
	386.50	906	910	429.10	750.90
	387.50	911	915	430.20	752.90
	388.50	916	920	431.30	754.70
	389.50	921	925	432.40	756.70
	390.50	926	930	433.50	758.60
	391.50	931	935	434.60	760.60
	392.50	936	940	435.70	762.50
	393.50	941	945	436.80	764.50
	394.50	946	950	437.90	766.40
	395.50	951	955	439.10	768.40
	396.50	956	960	440.20	770.30
	397.50	961	965	441.30	772.30
	398.50	966	970	442.40	774.20
	399.50	971	975	443.50	776.20
	400.50	976	980	444.60	778.00
	401.50	981	985	445.70	780.00
	402.50	986	990	446.80	781.90
	403.50	991	995	447.90	783.90
	404.50	996	1,000	449.00	785.80

"I	II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least— But not more than—		At least—	But not more than—		
		1,001	1,005	450.00	787.50
		1,006	1,010	451.00	789.30
		1,011	1,015	452.00	791.00
		1,016	1,020	453.00	792.80
		1,021	1,025	454.00	794.50
		1,026	1,030	455.00	796.30
		1,031	1,035	456.00	798.00
		1,036	1,040	457.00	799.80
		1,041	1,045	458.00	801.50
		1,046	1,050	459.00	803.30
		1,051	1,055	460.00	805.00
		1,056	1,060	461.00	806.80
		1,061	1,065	462.00	808.50
		1,066	1,070	463.00	810.30
		1,071	1,075	464.00	812.00
		1,076	1,080	465.00	813.80
		1,081	1,085	466.00	815.50
		1,086	1,090	467.00	817.30
		1,091	1,095	468.00	819.00
		1,096	1,100	469.00	820.80."

(b) Sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" and "$29.00" each place they appear and inserting in lieu thereof "$64.40" and "$32.20", respectively.

(c) The amendment made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 201(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

(e) Section 202(a)(4) of Public Law 92-336 is amended by striking out "January 1, 1975" and inserting in lieu thereof "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (I) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: "(I) the calendar quarter ending on March 31 of each year after 1974, or".

(b) Clause (II) of section 215(i)(1)(B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year such a general benefit increase becomes effective; and".

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975", and by striking out "and to subparagraph (E) of this paragraph".

(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year";

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year"; and

(3) by striking out "(subject to subparagraph (E))".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and by striking out "(subject to subparagraph (E))".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of sections 203(f)(8), 215(i)(1)(B), and 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j)(1) Section 230(a) of such Act is amend—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year),".

(2) Section 203(f)(8)(B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year".

(3) Section 203(f)(8)(C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215(i)(3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211(a)(1)(A) of Public Law 93-66 (as amended by subsection (a)(2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

INCREASE IN EARNINGS BASE

SEC. 5. (a) (1) Section 209(a) (8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211(b) (1) (H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a) (2) (ii) and 213(a) (2) (iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e) (1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b) (1) Section 1402(b) (1) (H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a) (1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c) (1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c) (2) (A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d) (2) (B) (ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2) (C), (3) (C), (4) (C), and (7) (C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(e) The amendments made by this section, except subsection (a) (4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a) (4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93-66.

CHANGES IN TAX SCHEDULES

SEC. 6. (a) (1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b) (1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent);

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent.

"(5) with respect to wages paid during the calendar year 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b) (1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201(b) (1) of the Social Security Act is amended by striking out "(E)" and all that follows down through "which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wags (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201(b) (2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so desired) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986. (1) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 8. (a) (1) Section 3(e) of the Food Stamp Act of 1964 is amended effective only for the 6-month period beginning January 1, 1974 to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof: "For the 6-month period beginning January 1, 1974 no individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212 (a) of Public Law 93-66, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.".

(2) Section 3(b) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(b) (1) Section 4(c) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92-603) shall not be effective for the 6-month period beginning January 1, 1974.

(3) For the 6-month period beginning January 1, 1974, no individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(e) Section 401(b)(3) of the Social Security Amendments of 1972 shall not be effective for the 6-month period beginning January 1, 1974.

(f) The amendment made by subsection (d) shall be effective only for the 6-month period beginning January 1, 1974, except that such amendment shall not during such period, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps.

INDIVIDUAL DEEMED TO BE DISABLED UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 9. Section 1614(a)(3) of the Social Security Act is amended—

(1) by striking out the last sentence of subparagraph (A); and

(2) by inserting at the end thereof the following new subparagraph:

"(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.".

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING IN AID TO FAMILIES WITH DEPENDENT CHILDREN HOUSEHOLD

SEC. 10. (a) Section 212(a)(3)(A) of Public Law 93-66 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93-66 is amended by adding at the end thereof the following new subparagraph:

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973 income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

"(ii) The amount of the reducton (under clause (i)) of any individual's December 1973 income shall not be in an amount which would cause the suppleemntary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family members of which were receiving aid under part A of title IV of the Social Security Act, and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act."

CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 11. (a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and

(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973),

the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act (or which is deemed, under section 212(d) of Public Law 93-66, to have entered into such an agreement), then, of the costs of any project of such State will respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall—

(1) be paid, from time to time, to such State by the Secretary, and

(2) shall, for purposes of section 1616(d) of the Social Security Act and section 401 of the Social Security Amendments of 1972, be treated in like manner as if such non-Federal share were supplementary payments made by the Secretary on behalf of such State pursuant to such agreement.

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 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) or in a childcare institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.53 of the regulations so proposed and published on May 1, 1973.

(4) The provisions of subsection (a) shall not be construed to preclude the Secretary from making any modification in any regulation (described in subsection (a)) if such modification is technically necessary to take account of the enactment of section 301 or 302 of the Social Security Amendments of 1972.

(c) Notwithstanding the provisions of section 553 (d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

Beneficiaries

SEC. 13. (a)(1) Section 1901 of the Social Security Act (as amended by Public Law 92-603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out "to administer the plan," and inserting in lieu thereof, "to administer or to supervise the administration of the plan;" and by striking out "to supervise the administration of the plan" and inserting in lieu thereof "to administer or to supervise the administration of the plan" in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to aprticipate in the State plan program established under title XVI, or by the agency of agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI" in lieu thereof.

(3) Section 1902(a)(10) of such Act is amended to read as follows:

"(10) provide—

"(A) for making medical assistance available to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;

"(B) that the medical assistance made available to any individual described in clause (A)—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

"(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

"(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

"(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);".

(4) Section 1902(a)(13)(B) of such Act is amended by striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI" in lieu thereof.

(5) Section 1902(a)(14)(A) of such Act is amended by striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)" in lieu thereof.

(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting "(other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A))" immediately after "with respect to individuals";

(B) inserting "and with respect to whom supplemental security income benefits are not being paid under title XVI" immediately after "any such State plan";

(C) striking out "the one of such State plans which is appropriate" and inserting "the appropriate State plan, or the supplemental security income program under title XVI, as the case may be," in lieu thereof; and

(D) striking out "or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX",

(7) Section 1902(a)(17) of such act is amended by—

(A) striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI" in lieu thereof; and

(D) striking out "and amount of such aid or assistance under such plan" and inserting "such aid, assistance, or benefits" in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out "is blind or permanently and totally disabled" and inserting "(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program)" in lieu thereof,

(9) Section 1902(a)(20)(C) of such Act is amended by inserting ", section 603(a)(1)(A)(i) and (ii)," immediately after "section 3(a)(4)(A)(i) and (ii)".

10 Section 1902(f) of such act is amended by—

(A) inserting "not eligible to participate in the State plan program established under title XVI" immediately after "State" the first time it appears therein,

(B) striking out "such individual's payment under title XVI" and inserting "any supplemental security income payment and State supplementary payment made with respect to such individual" in lieu thereof;

(C) striking out "as defined in section 213 of the Internal Revenue Code of 1954" and inserting "as recognized under State law" in lieu thereof; and

(D) inserting at the end thereof the following new sentences: "In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection.".

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof.

(12) Section 1903(f)(4) of such Act is amended to read as follows:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

"(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

"(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

"(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1),

at the time of the provision of the medical assistance giving rise to such expenditure."

(13) The matter before clause (1) in section 1905(a) of such Act is amended by striking out "individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof.

(14) Section 1905(a)(iv) of such Act is amended by inserting "with respect to States eligible to participate in the State plan program established under title XVI," at the end thereof.

(15) Section 1905(a)(v) of such Act is amended by striking out "or" inserting "with respect to States eligible to participate in the State plan program established under title XVI," in lieu thereof.

(16) Section 1905(a)(vi) of such Act is amended by inserting "or" at the end thereof.

(17) Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

"(vii) blind or disabled as defined in section 1614, with respect to States not eligible under the title XVI,".

(18) Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

"(j) 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), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

"(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93-66 shall not be considered supplemental security income benefits payable under title XVI.".

Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93-66.

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93-66 is amended by—

(i) inserting "received or" immediately before "would", and

(ii) striking out "or" at the end thereof and inserting "and" in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out "was", and

(ii) striking out "need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility" and inserting "status as described in subparagraph (A), was included as an individual eligible" in lieu thereof.

(2) The first sentence of section 232 of Public Law 93-66 is amended by—

(A) striking out "(under the provisions of subparagraph (B) of such section)",

(B) striking out "to be a person described as being a person who 'would, if needy, be eligible for aid or assistance under any such State plan' in subparagraph (B)(i) of such section" and inserting "for purposes of title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act" in lieu thereof, and

(C) inserting ", and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)" before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual—

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93-66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were establish without regard to paragraph (3)(A) (ii) of such section 212(a), and

(2) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals who are eligible for such assistance under this subsection.

EFFECTIVE DATES

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 31, 1973.

PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 14. Section 1616 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approved under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX.".

PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

SEC. 15. (a)(1) Notwithstanding any other provision of law, the provisions of section 1861(b) of the Social Security Act, shall subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows:

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individuals covered under the insurance program established by this title.".

(2) Notwithstanding any other provision of law, the provisions of section 1832(a)(2)(B)(i) of the Social Security Act, shall subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if subclause II of such section read as follows:

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and".

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c)(1) The Secretary of Health, Education, and Welfare shall arrange for the conduct of a study or studies concerning (A) appropriate and equitable methods of reimbursement for physicians' services under Titles XVIII and XIX of the Social Security Act in

hospitals which have a teaching program approved as specified in Section 1861(b)(6) of such Act, (B) the extent to which funds expended under such titles are supporting the training of medical specialties which are in excess supply, (C) how such funds could be expended in ways which support more national distribution of physician manpower both geographically and by specialty, (D) the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates, and (E) the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in section 1861(b)(6) of such Act.

(2) The studies required by paragraph (1) shall be the subject of an interim report thereon submitted not later than December 1, 1974, and a final report not later than July 1, 1975. Such reports shall be submitted to the Secretary, the Committee on Finance of the Senate, and the Committee on Ways and Means of the House of Representatives, simultaneously.

(3) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(4) If the National Academy of Sciences is unwilling to conduct the studies required under this section, under such an arrangement with the Secretary, then the Secretary shall enter into a similar arrangement with other appropriate non-profit private groups or associations under which such groups or associations shall conduct such studies and prepare and submit the reports thereon as provided in paragraph (2).

(5) The Social Security Administration shall study the interim report called for in paragraph (2) and shall submit its analysis of such interim report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 1, 1975. The Social Security Administration shall study and submit its analysis of the final report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by October 1, 1975.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to January 1, 1975 except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning after June 30, 1975.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

SEC. 16. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any provider of services on account of services provided by such hospital, skilled nursing facility, or home health agency shall be determined (for any period with respect to which the amendments made by section 233 of Public Law 92-603 would, except for the provisions of this section, be applicable) in like manner as if the date contained in the first and second sentences of subsection (f) of such section 233 were December 31, 1973, rather than December 31, 1972.

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES

SEC. 17. (a) In the administration of title XVIII of the Social Security Act, the amount payable thereunder with respect to physical therapy and other services referred to in section 1861(v)(5)(A) of such Act (as added by section 151(c) of the Social Security Amendments of 1972) shall be determined (for the period with respect to which the amendment made by such section 151(c) would, except for the provisions of this section, be applicable) in like manner as if the "December 31, 1972", which appears in such subsection (d)(3) of such section 151, read "the month in which there are promulgated, by the Secretaryy of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act".

CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

In General

Inclusion of all Wage Level Increases in Automatic Adjustment of Earning Test

SEC. 18. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by—

(1) striking out "contribution and benefit base" and inserting "exempt amount" in lieu thereof; and

(2) striking out "section 230(a)" and inserting "subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of Related Retirement

(b) Section 202(w) of such Act is amended be inserting at the end thereof the following new paragraph:

"(5) If an individual's primary insurance amount is determined under paragraph (3) of section 215(a) and, as a result of this subsection, he would be entitled to a higher old-age insurance benefit if his primary insurance amount were determined under section 215(a) without regard to such paragraph, such individual's old-age insurance benefit based upon his primary insurance amount determined under such paragraph shall be increased by an amount equal to the difference between such benefit and the benefit to which he would be entitled if his primary insurance amount were determined under such section without regard to such paragraph."

Elimination of Benefit at Age 72 for Uninsured Individual Receiving Supplemental Security Income Benefits

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

"(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973."

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

"(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,

"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) on eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by—

(A) redesignating subsection (a)(1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and

(C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 299I of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5), and the term

'age 62' in sections" and inserting ", 202(e)(5)," in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "shall" and inserting "and the phrase 'before he attained age 60' in the matter following subparagraph (G) of section 202(f)(1) shall each" in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of such Act, as redesignated by this subsection, are each amended by striking out "(a)(2)" and inserting "(b)" in lieu thereof.

Initial Payments to Presumptively Disabled Individuals Unrecoverable Only if Individual Is Ineligible Because Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by inserting "solely because such individual is determined not to be disabled" immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability of States for Optional Supplementation

(h)(1) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by—

(A) inserting ", other than fiscal year 1974," immediately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal year 1974 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures" immediately before the period of the end thereof.

(2) Section 401(c)(1) of such Act is amended by inserting "excluding" immediately before "expenditures authorized under section 1119".

Modification of Transitional Administrative Provisions

(i) Section 402 of the Social Security Amendments of 1972 is amended by—

(1) striking out "XVI" the first time that it appears therein and inserting "VI" in lieu thereof;

(2) inserting "the third and fourth quarters in the fiscal year ending June 30, 1974, and" immediately after "with respect to expenditures for"; and

(3) inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of" immediately after "during such portion of".

Inclusion of Title VI in Limitation on Grants to States for Social Services

(j) Section 1130(a) of such Act is amended by inserting "603(a)(1)," immediately after "403(a)(3),".

Clarification of Coverage of Hospitalization for Dental Services

(k)(1) Section 1814(a)(2)(E) of such Act (as amended by Public Law 92-603) is amended to read as follows:

"(E) in the case of inpatient hospital services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;".

(2) The last sentence of section 1814(a) is amended by striking out "or (D)" and inserting "(D), or (E)" in lieu thereof.

(3) Section 1862(a)(12) of such Act is amended by striking out "a dental procedure" and all that follows thereafter, and inserting "the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or" in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

(l) Section 1843(b) of such Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(f), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.".

Technical Improvement of Provisions Governing Disposition of HMO Savings

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out ", with the apportionment of savings being proportional to the losses absorbed and not yet offset".

Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by—

(1) inserting "of its premium rate or other charges" immediately after "portion";

(2) striking out "may" and inserting "shall";

(3) striking out "(i)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance".

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92-603) is amended by inserting "(or application was made on his behalf in the case of a deceased individual)" immediately after "he made application".

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(36(A) of such Act is amended by inserting "or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility" immediately after "intermediate care facility".

Technical Modification of Extended Medicaid Eligibility for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as follows:

"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such aid because of increased hours of, or increased income from, employment, shall, while a member of such family is employed, remain eligible for assistance under the plan approved under this title (as though the family was receiving aid under the plan approved under part A of title IV) for 4 calendar months beginning with the month in which such family became ineligible for aid under the plan approved under part A of title IV because of income and resources or hours of work limitations contained in such plan.".

Limitation on Payments to States for Expenditures in Relation to Disabled Individuals Eligible for Medicare

(r)(1) Section 1903(a)(1) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals sixty-five years of age or older".

(2) Section 1903(b)(2) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals aged 65 or over".

Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

(s) Section 1903(a)(4) of such Act is amended by striking out "sums expended" and inserting "sums expended with respect to costs incurred" in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out "(as found necessary by the Secretary for the proper and efficient administration of the plan)".

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting ", other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)" immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

(v) Section 1903(g)(1)(C) of such Act is amended by striking out "and who are not employed by" and by inserting ", or, except in the case of hospitals, employed by the institution" immediately after "any such institution".

Authority To Prescribe Standards Under Title XIX for Active Treatment of Mental Illness

(w) Section 1905(h)(1)(B) of such Act is amended by—

(1) striking out ", involves active treatment (i)" and inserting "(i) involve active treatment" in lieu thereof,

(2) striking out "pursuant to title XVIII", and

(3) striking out "(ii) which" and inserting "(ii)" in lieu thereof.

Correction of Erroneous Designations and Cross References

(x)(1) Section 1902(a)(13)(C) of such Act is amended by striking out "(14)" and inserting "(16)" in lieu thereof.

(2) Section 1902(a)(33)(A) of such Act is amended by striking out "last sentence" and inserting "penultimate sentence" in lieu thereof.

(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph (35) and inserting "; and" in lieu thereof; and

(B) redesignating paragraph (37) as paragraph (36).

(4) Sections 1902(a)(21), (24), and (26)(B), and the last sentence of section 1902(d), of such Act are each amended by striking out "nursing home" and "nursing homes" each time that they appear therein and inserting "nursing facility" and "nursing facilities", respectively, in lieu thereof.

(5) Section 1903(a) of such Act is amended by striking out "and section 1117" in the first parenthetical phrase.

(6) Section 1903(b) of such Act is amended by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(7) Section 1905(a)(16) of such Act is amended by striking out "under 21, as defined in subsection (e);" and inserting "under age 21, as defined in subsection (h); and" in lieu thereof.

(8) Section 1905(c) of such Act is amended by striking out "skilled nursing home" each time that it appears therein and inserting "skilled nursing facility" in lieu thereof.

(9) Section 1905 of such Act is amended by redesignating subsection (h) (which was enacted by section 299L(b) of the Social Security Amendments of 1972) as subsection (i).

(10) Section 1905(h)(2) is amended by striking out "(e)(1)" and inserting "(1)" in lieu thereof.

Deletion of Obsolete Provisions

(y)(1) Section 1903 of such Act is amended by—

(A) striking out subsection (c);

(B) striking out "(a), (b), and (c)" in subsection (d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking out everything after "section 1110(a)(8)" and inserting a period in lieu thereof.

(3) Section 1908 of such Act is amended by striking out the last sentence of subsection (d) and subsections (e) and (f), and redesignating subsection (g) as subsection (e).

Determination of Amount of Exclusion for Disapproved Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures in Certain Cases

(z-1) Section 1122(d)(2) of such Act is amended by striking out "include" the last time that it appears therein and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social Security Act

(z-2)(1) Title XI of the Social Security Act is amended—

(A) in section 1101(a)(1), by—

(i) striking out "I,", "X,", "XIV,", and "XVI,", and

(ii) by adding at the end of such section 1101 (a) the following new sentence: "In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.",

(B) in section 1115, by—

(i) inserting (in the matter preceding subsection (a)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)) "602," immediately after "402,", and

(iii) inserting (in subsection (b)) "603," immediately after "403,", and

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)(2)) "604," immediately after "404,",

(iii) inserting (in subsection (b)) "VI," immediately after "title I,", and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,".

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(z-3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 19. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"AMENDMENT TO ACT OF APRIL 19, 1950

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:

"'SEC. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections.'."

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972 (as amended by subsection (a) of this section), the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

SEC. 20. Section 203(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before April 1, 1974, and beginning after December 31, 1973 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof.".

Mr. ALLEN. Mr. President, reserving the right to object, since the Senator wants to place a limitation on his amendment, why cannot unanimous consent be given to that, and leave the bill wide open?

Mr. MANSFIELD. Mr. President, what was the request?

Mr. ALLEN. Put the 1-hour limitation on the Senator's amendment and have no limitation on the bill itself.

Mr. MANSFIELD. Very well.

Mr. President, I make that request.

The PRESIDING OFICER. Is there objection? Without objection, it is so ordered.

* * * * *

INCREASE IN SOCIAL SECURITY BENEFITS

The PRESIDING OFFICER (Mr. ABOUREZK). Under the previous order, the Senate will now proceed to the consideration of Calendar No. 637, H.R. 11333, which the clerk will state.

The second assistant legislative clerk read as follows:

H.R. 11333, to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LONG. Mr. President, I ask unanimous consent that during consideration of this bill the following persons be given the privilege of the floor, including during the rollcall votes:

Michael Stern, Jay Constantine, Bill Galvin, Joe Humphreys.

From the Library of Congress: Fred Arner, Margaret Malone, Jennifer O'Sullivan, Frank Crowley.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, on November 30, a little less than 3 weeks ago, the Senate approved a bill which included a social security benefit increase, an increase in supplemental security income payments for the aged, blind and disabled, and a number of other worthy provisions. We began our conference on this bill yesterday. Because of the number and complexity of the Senate amendments, however, we will not be able to complete conference action today.

I am sure that all Senators want to see the social security and SSI cost-of-living increases enacted this year. We discussed with the House conferees how this could be done and we concluded that if the Senate could pass a bill with the social security benefit increase, the SSI payment increase, and those Senate provisions which must be enacted by January 1, the House would accept these amendments and send the bill on to the President, hopefully today.

Of course, this means that the conference on H.R. 3153 will continue next year after we come back from our recess. Many of us have had amendments of ours approved by the Senate which we are most anxious to see legislative action completed on.

For example, I was pleased that the Senate gave overwhelming support to my proposal for a "work bonus" or tax credit for low-income workers with families. Other Senators, of course, have had their amendments approved by the Senate. The Senate conferees have been assured by the House conferees that they will give full consideration to the remaining Senate amendments shortly after the Congress comes back from its recess in January.

Now, let me describe the provisions of the bill and the amendments I am offering to it that I am asking the Senate to pass.

SOCIAL SECURITY BENEFIT INCREASE

First, the bill contains a 7-percent social security benefit increase effective for the months of March, April and May, 1974. Beginning June 1974, benefits will be further increased to 11 percent higher than the present levels. Automatic cost-of-living increases in future years will be effective for the month of June rather than for the month of January. These provisions were included in the Senate-passed bill now in conference, with the main difference that the effective date of the 7-percent increase would have been immediate in the Senate bill.

To pay for the social security benefit increase, wages taxable under social security will be increased from $12,600 to $13,200 in 1974. Total social security tax rates will remain the same for the next 7 years, but there will be a small shift in funds from the hospital insurance fund to the cash benefit trust funds.

SUPPLEMENTAL SECURITY INCOME PAYMENTS

Supplemental security income payments for the aged will be increased from $130 to $140 per month for an individual beginning in January 1974; in July they will be further increased to $146. Payments to couples will be increased from $195 to $210 in January and further increased to $219 in July.

Under present law, many SSI recipients will be ineligible to receive food stamps beginning next month. Under a provision in the Senate version of H.R. 3153, they would continue to be eligible for food stamps in the future. The House conferees wished to examine this provision more closely, but they agreed that for a 6-month period, until July 1, 1974, SSI recipients would continue to be eligible for food stamps. Because of the short time left before the SSI program becomes effective, however, the amendment includes a provision that was in the Senate version of H.R. 3153. Under this provision, those States which have already made plans to "cash out" food stamps would be permitted to do so, with recipients in those States ineligible for food stamps.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating 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 many thorough legislative consideration of the issues involved.

The Senate, in an amendment incorporated in H.R. 3153, agreed to permit States to fashion their own social services programs within the limit of the Federal funds available. The House conferees wanted time to give this proposal full consideration, but they agreed that during an interim period the present HEW regulations should be suspended. Accordingly, the amendment includes a further suspension of the regulations until December 31, 1974. The suspension is retroactive to November 1, 1973, so that there would be no period prior to January 1, 1975, when the new regulations would be in effect.

MEDICARE AND MEDICAID AMENDMENTS

Medicaid eligibility. The bill contains several sections treating the matter of medicaid eligibility for SSI recipients. The bill contains a provision which would make Federal matching available for medicaid benefits for any new SSI recipients, although coverage of these new recipients would be optional on the part of a State. The bill would make medicaid coverage mandatory for those persons who receive a mandatory State supplemental payment in accordance with the provisions of Public Law 93-66. The amendment also provides that for other persons receiving a State supplemental payment only, coverage would be optional, depending upon the State's decision, but that a State must make eligibility determinations based upon some rational classifications of recipients. Additionally, the provision places an upper limit on the monthly income—initially $420 in the case of an individual—which an institutionalized person can have and still be "deemed" in special need and therefore eligible for medicaid coverage in a State without a medically indigent program.

There is also a need to clarify legislative intent with respect to certain medicaid eligibility determinations. Title XVI provides that, at State request, the Secretary may agree to make Federal determinations of medicaid eligibility for the aged, blind, and disabled. Approximately half of the States have requested the Secretary to do so. However, HEW has refused to do eligibility determinations for any persons except for those who are actually receiving an SSI payment or a federally administered supplement. If a person enters a skilled nursing facility or intermediate care facility, and no longer receives an SSI payment—becausc of the reduction in the standard to $25 a month—the Department will refuse to make the determination of his medicaid eligibility. This means that a State has to establish its own mechanism to determine eligibility for these people in nursing homes. This is not only inefficient for the State, but puts a burden on the ailing person to provide, again, information on his circumstances, and so forth. It is expected, therefore, and intended that the Department undertake Federal determinations of medicaid eligibility at State request, not only for persons receiving an SSI payment or federally administered supplement but also for persons who would be eligible for such a payment if they wished to receive it, or for persons who would receive the payment if they were not in the institution.

Payments to substandard facilities. The bill contains a provision which amends title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State's medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet medicaid standards.

REIMBURSEMENT OF INSTITUTIONS AND ORGANIZATIONS UNDER MEDICARE

The bill amends the effective date of section 233 of Public Law 92-603 to accounting periods beginning after December 31, 1973, instead of December 31, 1972 as in present law. This section of the law limits medicare reimbursement to the lesser of an institution's costs or charges to the general public. The provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

REIMBURSEMENT OF PHYSICAL THERAPISTS UNDER MEDICARE

Section 251 of Public Law 92-603, which details the approved means of reimbursing for the services of physical therapists under medicare, has an effective date of January 1, 1973. In view of the fact that appropriate regulations implementing the provisions have not been issued as yet, the bill includes an amendment making section 251 of Public Law 92-603 effective following publication of the final regulations.

SUPERVISORY PHYSICIANS

The bill includes an amendment directing the Secretary of Health, Education, and Welfare to contract with the National Academy of Sciences to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings; the extent to which funds expended under medicare and medicaid are supporting the training of medical specialties which are in excess supply; how such funds could be expended in ways which support more rational distribution of physician manpower both geographically and by specialty; the extent to which such funds support or en-

courage teaching programs which tend to disproportionately attract foreign medical graduates; and the existing and appropriate role of that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in medicare.

EXTENDED UNEMPLOYMENT COMPENSATION

Under present law, 13 weeks of extended unemployment insurance benefits—in addition to the 26 weeks of regular benefits—are available with 50-percent Federal financing if the rate of insured unemployment is high enough either nationally or in a particular State. The national rate of insured unemployment is not presently high enough to trigger these extended benefits nationally. For an individual State to be eligible for Federal matching of extended benefits, the law, as it will be in effect after this month, requires that insured unemployment in the State must be at least 4 percent and it must be a least 20 percent higher than it was in a comparable period in the 2 prior years. The amendment would, for a 90-day period, permit Federal matching of extended benefits in any State whose insured unemployment exceeds 4 percent without regard to the 20-percent requirement.

Mr. President, we were very pleased at our success in persuading the House to agree to this amendment to extend for 90 days the benefits proposed in the Javits amendment relating to unemployment compensation. The remainder of the Javits amendment, of course, will be the subject of the conference that is to continue.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. JAVITS. I see a large significance to what the Senator is doing. Most people have the idea that we are insensitive to economic currents and to rationalization and that there is a lot of talk around here about precedents and who does what and who gets the benefit of what, and so forth. I think it is an illustration here of the fact that we are responsive to economics and that if we feel a decent idea comes along, even if a person is not a member of this committee, we do something about it.

This is a very healthy situation and is quite typical of Senator LONG and his openmindedness. I appreciate it personally; but, more than that, I think it is a significant example of the fact that Congress is not quite as dull as many people think it is.

Mr. LONG. I thank the Senator.

Mr. President, this proposal must be looked upon as a down payment on what the Senate wants to do in the social security area. The Senate version of H.R. 3153, as it left here, would cost the Government $6.4 billion in calendar year 1974. What is being proposed here would cost $2.4 billion. The remaining $4 billion of very meritorious amendments are still in conference. The House conferees have assured us that they will be willing to consider and discuss these matters with us next year. If we can take care of these pressing matters, I believe that the Nation will applaud our statesmanship.

I also must advise the Senate that if the Senate should insist on adding to this measure those amendments already in conference with the House, it will mean that we will not be able to act on these crucial matters between now and the time we return.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MANSFIELD. As I understand it, in talking to various Senators, it is a case of this skeletonized bill, so to speak, or no bill at all this year.

Mr. LONG. That is what it amounts to.

Mr. MANSFIELD. And the other amendments, all of which I think I voted for, would still be in conference.

Mr. LONG. Yes.

Mr. MANSFIELD. And would be taken up on our return.

Mr. LONG. They will be. In other words, we can obtain now this much of what we have recommended by Senate action, and we have high hopes that we can obtain much more of it next year.

The House conferees are only willing to recommend to the House at this time that they approve those things that must be done now and without which severe hardship might occur to a great number of people between now and the time Congress is able to pass effective legislation next year.

Mr. MANSFIELD. If this bill is passed, when will it go into effect—the first of the year?

Mr. LONG. There are many provisions concerning the SSI program, the new Federal program which will replace the present Federal-State welfare programs for aged, blind, and disabled people on January 1. If we fail to enact the provision in my amendment, a great number of unfortunate events would occur, more through oversight than from any intention of Congress or the administration.

Mr. MANSFIELD. I would hope that my colleagues would keep this fact in mind and that no amendments would be offered; because if they are offered and it is strung out and we end up without a quorum because of protracted debate, we will end up with nothing, and the poor folks who need the help will end up with nothing as well.

Mr. LONG. Mr. President, I had hoped that the RECORD would contain a summary of the amendments we are discussing here en bloc, and I had a summary inserted in the RECORD yesterday. Unfortunately, in order to get at least part of the RECORD printed and available this morning, the hardworking and diligent people in the Government Printing Office simply had to quit at some point last night, and they have a note in the RECORD that the remainder of the items which were to be printed in yesterday's RECORD will be printed subsequently, in part 2 of yesterday's RECORD which will not be available until sometime later today. However, they have been kind enough to make copies of the galley containing the summary, and I have the summary of the proposed amendments, which Senators can peruse for their enlightenment on this subject. I ask unanimous consent that the summary of the proposed amendments be printed in the RECORD at this point.

There being no objection, the summary of the proposed amendments was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROPOSED AMENDMENTS TO H.R. 11333

SOCIAL SECURITY CASH BENEFITS

11% Benefit increase.—Under a provision enacted last year, social security benefits will rise automatically as the cost of living rises. Under last year's law, the first cost of living increase would not have become effective until January 1975. In July of this year a provision was enacted increasing social security benefits by 5.9 percent, effective for June 1974; this increase would be an early partial payment of the larger cost-of-living increase already scheduled to become effective January 1975. The bill would replace this 5.9 percent increase effective June 1974 by an 11-percent cost-of-living increase in two steps. The first step would be a 7-percent increase effective March, April, and May 1974. This would be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level.

Automatic cost-of-living increases.—Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the same percentage that the cost of living has risen, beginning the January following the latter year. The bill would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1975, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.)

Financing.—Under the bill, wages taxable under social security would be increased from $12,600 in 1974 to $13,200; thereafter, the wage base would increase automatically as wages rise, as under present law. Total social security tax rates under the bill would not be increased until 1981, although future tax income would be shifted from the hospital insurance program into the cash benefit programs. The new tax rates are shown in the table below:

SOCIAL SECURITY TAX RATES

[In percent]

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	H.R. 11333	Present law	H.R. 11333	Present law	H.R. 11333
	Employer-employee, each					
1974 to 1977	4.85	4.95	1.00	0.90	5.85	5.85
1978 to 1980	4.80	4.95	1.25	1.10	6.05	6.05
1981 to 1985	4.80	4.95	1.35	1.35	6.15	6.30
1986 to 2010	4.80	4.95	1.45	1.50	6.25	6.45
2011 and after	5.85	5.95	1.45	1.50	7.30	7.45

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	H.R. 11333	Present law	H.R. 11333	Present law	H.R. 11333
	Self-employed					
1974 to 1977	7.00	7.00	1.00	0.90	8.00	7.90
1978 to 1980	7.00	7.00	1.25	1.10	8.25	8.10
1981 to 1985	7.00	7.00	1.35	1.35	8.35	8.35
1986 to 2010	7.00	7.00	1.45	1.50	8.45	8.50
2011 and after	7.00	7.00	1.45	1.50	8.45	8.50

SUPPLEMENTAL SECURITY INCOME

Increases in SSI benefits.—The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least $130 ($195 for couples). Under a provision enacted in July of this year, these amounts would be increased effective July 1974 to $140 for an individual and $210 for a couple. The bill would make these higher amounts of $140 and $210 effective from the start of the SSI program in January 1974. The bill also provides for a further increase, effective July 1974, to $146 for an individual and $219 for a couple.

Food stamp eligibility for SSI recipients.—Under present law many Supplemental Security Income (SSI) recipients will be eligible for food stamps; however, an aged, blind or disabled individual will be ineligible for food stamps for a given month if his SSI benefits plus any State supplementary payment are at least equal to the welfare payment plus the bonus value of the food stamps he would be eligible to receive if the State's December 1973 State plan were still in effect. This provision of law enacted this year will be extremely difficult to administer and would present problems of unequal treatment in food stamp eligibility for SSI beneficiaries. The amendment, therefore, would temporarily suspend this provision to allow a six month period for further study of the problems involved. Under the amendment, SSI beneficiaries would not be ineligible for food stamps during the months prior to July 1974. Because of the short time left before the SSI program becomes effective, however, the amendment includes a provision under which those States which have already made plans to "cash out" food stamps by providing higher benefits to offset the loss of food stamps would be permitted to do so, with recipients in those States ineligible for food stamps.

Limitation on grandfather clause for disabled individuals.—In enacting the new SSI program, the Congress provided that disabled persons on the rolls in December 1973 would continue to be considered to be disabled even if they did not meet the new definition of disability. The amendment would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.

SSI recipients living with AFDC families.—In June, the Congress enacted a grandfather clause to assure that current SSI recipients will have no reduction in total income when the new SSI program goes into effect in January. The amendment would permit the adjustment of the grandfather clause in such a way that it assures the same level of total family income (rather than the *individual's* total income) in those cases in which the SSI recipient resides with an AFDC family.

Continuation of demonstration projects.—The amendment would permit the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles. The new Federal SSI program which next January will replace present programs of aid to the aged, blind and disabled does not provide for such waivers and funding of demonstration projects.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating 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.

The Senate, in an amendment incorporated in H.R. 3153, agreed to permit States to fashion their own social services programs within the limit of the Federal funds available. The House conferees wanted time to give this proposal full consideration, but they agreed that during an interim period the present HEW regulations should be suspended. Accordingly, the amendment includes a further suspension of the regulations until December 31, 1974. The suspension is retroactive to November 1, 1973, so that there would be no period prior to January 1, 1975 when the new regulations would be in effect.

MEDICARE AND MEDICAID AMENDMENTS

Medicaid eligibility.—The bill contains several sections treating the matter of Medicaid eligibility for SSI recipients. The bill contains a provision which would make Federal matching available for Medicaid benefits for any new SSI recipients, although coverage of these new recipients would be optional on the part of a State. The bill would make Medicaid coverage mandatory for those persons who receive a mandatory State supplemental payment in accordance with the provisions of Public Law 93-66. The amendment also provides that for other persons receiving a State supplemental payment only, coverage would be optional, depending upon the State's decision, but that a State must make eligibility determinations based upon some rational classifications of recipients. Additionally, the provision places an upper limit on the monthly income (initially $420 in the case of an individual) which an institutionalized person can have and still be "deemed" in special need and, therefore, eligible for Medicaid coverage in a State without a medically-indigent program.

Payments to substandard facilities.—The bill contains a provision which amends Title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State's Medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet Medicaid standards.

Reimbursement of institutions and organizations under Medicare.—The bill amends the effective date of Section 233 of P.L. 92-603 to accounting periods beginning after December 31, 1973 instead of December 31, 1972 as in present law. This section of the law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public. The provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

Reimbursement of physical therapists under Medicare.—Section 251 of P.L. 92-603, which details the approved means of reimbursing for the services of physical therapists under Medicare, has an effective date of January 1, 1973. In view of the fact that appropriate regulations implementing the provisions have not been issued as yet, the bill includes an amendment making section 251 of P.L. 92-603 effective following publication of the final regulations.

Supervisory physicians.—The bill includes an amendment directing the Secretary of Health, Education and Welfare to contract with the National Academy of Sciences to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings; the extent to which funds expended under Medicare and Medicaid are supporting the training of medical specialties which are in excess supply; how such funds could be expended in ways which support more national distribution of physician manpower both geographically and by specialty; the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates; and the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in Medicare.

UNEMPLOYMENT INSURANCE

Extended unemployment compensation.—Under present law, 13 weeks of extended unemployment insurance benefits (in addition to the 26 weeks of regular benefits) are available with 50 percent Federal financing if the rate of insured unemployment is high enough either nationally or in a particular State. Under the permanent provisions of present law, as they relate to triggering programs in individual States, insured unemployment in a State must be at least 4 percent and it must be at least 20 percent higher than it was in a comparable period in the two prior years. Under temporary provisions in the law, due to expire at the end of December, 1973, a State whose insured unemployment rate exceeds 4.5 percent may pay extended benefits with 50 percent Federal matching even though the unemployment rate drops to below 120 percent of the rate during the prior two years and may continue to make such payments so long as its insured unemployment rate does not drop below 4 percent. The amendment would, for a 90 day period, permit Federal matching of extended benefits in any State whose in-

sured unemployment rate exceeds 4 percent without regard to the 120 percent requirement.

CLERICAL AND CONFORMING AMENDMENTS

The amendment includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments.

SOCIAL SECURITY CASH BENEFITS

Automatic increases in earnings test exempt amount.—The amendment would provide that the percentage rise in the retirement test exempt amount under the automatic increase provisions (adopted in connection with the automatic cost-of-living benefit increase provisions) will be measured from the last increase in the exempt amount rather than from the last increase in tax base. This amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.

Increase in certain cases of delayed retirement.—When an individual delays his retirement past age 65, his benefits are increased 1 percent for each year of delay up to age 72. However, this increase for delayed retirement does not apply when a person is eligible for the special minimum benefit for low-wage, long-term workers (now a $170 monthly benefit if the worker has 30 years of covered employment). It is possible that an individual's primary insurance amount may be less than the special minimum benefit he is eligible for, but delaying retirement would yield a higher benefit than the special minimum. Under present law the individual could receive the lower benefit in this case; the amendment would let him take the higher benefit.

Elimination of special age 72 benefits for people entitled to SSI.—This amendment would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits and who are eligible for SSI payments. Under the present law, these special benefits are not payable to people who are receiving welfare payments. The 1972 amendments, however, failed to include a conforming change to prevent the payment of the special benefits to people receiving SSI payments.

SUPPLEMENTAL SECURITY INCOME

Limitations on eligibility determinations under resources tests of State plans.—The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973, will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. This amendment would remove the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 consecutive months will not be counted).

Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.—The SSI program includes a grandfather clause under which an individual who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. This amendment would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.

Correction of erroneous designations and cross-references.—This subsection would correct erroneous section numbers and cross references in the present law.

Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.—Payments under the SSI program may be made for up to three months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. Such payments are not considered overpayments under any condition under existing law. This amendment would allow such payments to be considered overpayments (and hence subject to recapture) if they were incorrectly made for reasons other than the fact the individual was found not to be disabled.

Technical correction of limitation of fiscal liability of States for optional supplementation.—Public Law 92-603 includes a savings clause under which States are assured that certain State supplementary costs under the SSI program will not exceed their costs under the old programs of aid to the aged, blind, and disabled during calendar year 1972. This amendment provides that in fiscal 1974, States will be guaranteed that these costs will not exceed an amount equal to one-half of their calendar 1972 costs. This change reflects the fact that the SSI program is in effect for only one-half a year in fiscal 1974. The amendment also restores a word inadvertently dropped from section 401 (c)(1) of Public Law 92-603.

Modification of transitional administrative provisions.—Public Law 92-603 included a transitional administrative provision requiring the States to agree to administer all or part of the new SSI program on behalf of the Federal Government, for a 1-year transitional period. As a result of an error in drafting, this 1-year transitional period would begin in July 1974, 6 months after the program is effective. The amendment would add the first 6 months of 1974 to the transitional period (making an 18-month period). This amendment also adds title VI (the new social services title for the aged, blind, and disabled) to the list of titles under which Federal funding would be denied to the States if they refuse to enter into these transitional arrangements.

Inclusion of title VI in limitation on grants to States for social services.—This amendment would change the social services limitation enacted in Public Law 92-512 to conform it to the transfer of services for the aged, blind, and disabled from the old titles I, X, XIV, and XVI to the new title VI.

Conforming amendments to general provisions of Social Security Act.—A number of general provisions in title XI of the Social Security Act dealing with the definition of the term "State", with demonstration projects, and with the procedures for review of State assistance plans do not reflect provisions enacted last year which transfer the services programs for the aged, blind, and disabled to a new title VI of the Act and which make special provision for programs for the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands. The amendment would conform these sections to the law enacted last year.

Transitional Federal payments.—P.L. 92-603 repeals the existing programs of aid to the aged, blind, and disabled at the same time that the new SSI program is commenced—January 1, 1974. The amendment would authorize the Secretary of HEW to continue to make payments to the States under the repealed programs for two purposes: (1) to meet the Federal matching obligation based on State expenditures prior to the repeal date, and (2) to match State expenditures after the repeal date in connection with closing out the old programs.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Federal matching for AFDC payments to Indians.—Under an Act of April 19, 1950 the Federal matching for assistance payments for the aged and the blind and for families with children is increased substantially with respect to assistance furnished to Navajo and Hopi Indians. Section 303(c) of P.L. 92-603 repealed this provision effective January 1, 1974 when the new SSI program takes effect. This amendment would restore that Act insofar as it applies to the AFDC program.

MEDICARE AND MEDICAID

Clarification of coverage of hospitalization for dental services.—The amendment clarifies that Medicare Part A coverage of hospitalization in connection with dental services is available only in behalf of an individual for whom a physician or dentist certifies that his underlying medical condition and clinical status require hospitalization in connection with the provision of such dental services.

Continuation of State agreements for coverage of certain individuals.—The amendment provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) on behalf of individuals eligible for the supplemental security income program.

Technical improvement of provisions governing disposition of HMO savings.—The amendment deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.

Technical improvement of provisions governing allowable HMO premium charges.—The amendment provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.

Application for assistance on behalf of deceased individuals.—The amendment clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.

Expansion of intermediate care facility ownership disclosure requirements.—The amendment contains a provision requiring the disclosure of the names of those who own obligations secured by the assets of the intermediate care facility as well as the names of those who are owners of the facility.

Technical modification of extended Medicaid eligibility for AFDC recipients.—P.L. 92-603 included a provision which would require States to provide Medicaid coverage for an additional 4-month period to persons who lose their eligibility for AFDC cash assistance and therefore Medicaid because of increased income. The eamendment restricts to applicability of this provision to persons actually receiving AFDC payments (as opposed to persons eligible for but not actually receiving payments). It also extends coverage to persons who become ineligible for AFDC because of increased hours of employment as well as increased income.

Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.—The amendment contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicaid if such individuals had been enrolled in Part B of Medicare Current law includes this requirement for the aged.

Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.—The amendment clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.

Federal payments for family planning expenditures not limited to administrative

costs.—The amendment contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services and not merely for the cost attributable to administering such programs.

Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.—Current law provides that Federal matching will not be available under Medicaid for amounts expended for medical assistance with respect to individuals 65 or over which would not have been so expended if the individuals involved had been enrolled in Part B of Medicare. The amendment would extend this stipulation to disabled persons eligible for Medicare. This stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.

Utilization review by medical personnel associated with an institution.—The amendment eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.

Authority to prescribe standards under title XIX for active treatment of mental illness.—The amendment deletes the reference to regulations for active treatment under Medicare (which do not exist in such form) and gives the Secretary authority under Medicaid to establish such regulations.

Correction of erroneous designations and cross-references.—Corrects clerical errors in title XIX.

Deletion of absolete provisions.—Deletes obsolete provisions in title XIX.

Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.—P.L. 92-603 included a provision providing a limitation on Federal participation for disapproved capital expenditures. The amendment provides that in the case of disapproved capital expenditures by an institution reimbursed on a fixed fee or negotiated rate basis, the Secretary shall determine the amount by which the reimbursement is to be reduced because of such expenditures. There is currently no provision governing the determination of reductions for institutions reimbursed on a fixed fee or negotiated rate basis rather than a per capita basis.

Technical improvement of authority to include expenses related to capital expenditures in certain cases.—The amendment corrects clerical errors.

Mr. CURTIS. Mr. President, if it is the will of Congress that it wants a social security bill passed in this calendar year, it should then support the position taken by the distinguished chairman of the Committee on Finance, Mr. LONG.

The social security bill that passed the Senate was a massive bill. It can be measured in one respect by what the distinguished chairman has already called attention to. The Senate-passed version of H.R. 3153 contained a first-year cost of $6.4 billion. This meant that many items were in it that were far-reaching, that were broad, that were controversial. Some of them had not been considered by the House. As to many of the items, there have been no hearings on that side.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LONG. Mr. President, I sent my amendment to the desk, and I thought I had called it up. I ask unanimous consent that I may call up my amendment at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. LONG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201(a)(1) of Public Law 93-66 is amended by striking out "the percentage by which" and all that follows and inserting in lieu thereof the following: "7 per centum.".

(b) Section 201(a)(2) of Public Law 93-66 is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of Public Law 93-66 is amended to read as follows:

"(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that—

"(1) the amount of such increase shall be 7 per centum,

"(2) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(e) of such Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (2)(B) of such section 202(e), and

"(3) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(f) of such Act for February 1974 (without the application of section 202(j)(f) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (3)(B) of such section 202(f).".

(d) Section 201(c)(2) of Public Law 93-66 is amended by striking out "May 1974" and inserting in lieu thereof "February 1974".

(e) Section 201(d) of Public Law 93-66 is amended by striking out "December 1974" each place it appears and inserting in lieu thereof "May 1974".

(f) Section 202(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increasde pursuant to any general benefit increase (as defined in section 215(i)(3)) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increase provided effective for March 1974, as though such redetermination had been made."

(g) Section 202(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increased pursuant to any general benefit increase (as defined in section 215(i)(3) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increased provided effective for March 1974, as though such redetermination had been made."

(h)(1) Section 215(a)(3) of the Social Security Act is amended by striking out "$8.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

(i) In the case of an individual to whom monthly benefits are payable under title II of the Social Security Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), and to whom section 202(m) of such Act is applicable for such month, such section shall continue to be applicable to such benefits for the months of March through May 1974 for which such individual remains the only individual entitled to a monthly benefit on the basis of the wages and self-employment income of the decreased insured individual.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
"--------	$16.20	$84.50	----------	$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.30
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
21.29	21.88	98.10	90	90	108.90	163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.00	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40
26.95	27.46	121.40	114	118	134.80	202.20
27.47	28.00	123.30	119	122	136.90	205.40
28.01	28.68	125.10	123	127	139.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.90
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	181	188	165.20	247.80
36.41	37.08	150.90	189	193	167.50	251.40
37.09	37.60	152.70	191	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.68	158.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.88	172.70	245	249	191.70	292.10
44.89	45.60	174.80	250	253	194.10	296.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	308.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$240.30	$418	$421	$266.80	$493.00
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.30
		245.40	432	435	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.90	516.50
		250.60	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80
		260.90	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.20
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.50
		285.80	544	518	318.40	575.80
		288.40	549	553	320.20	578.80
		290.10	554	556	322.10	581.50
		291.50	557	560	323.60	583.50
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	590.30
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.90
		300.60	578	581	333.70	595.10
		302.20	582	584	335.50	597.00
		303.60	585	588	337.00	600.30
		305.30	589	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.30	603	605	345.60	610.90
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		320.40	624	627	355.70	623.20
		321.90	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	655	368.60	645.10
		332.90	657	660	369.60	645.70
		334.10	661	665	370.90	647.10
		335.30	665	670	372.20	651.40
		336.50	671	675	373.60	653.70
		337.70	675	680	374.90	658. 0
		338.90	681	685	376.20	653.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663. 0
		342.50	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.60	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	303.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	305.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.50
		361.50	781	785	401.30	702.50
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I	II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)	(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—		At least—	But not more than—		
	$365.50	$796	$800	$404.60	$708.10
	365.50	801	805	405.80	710.10
	366.50	806	810	406.90	712.00
	367.50	811	815	408.00	714.00
	368.50	816	820	409.10	715.90
	369.50	821	825	410.20	717.90
	370.50	826	830	411.30	719.80
	371.50	831	835	412.40	721.80
	372.50	836	840	413.50	723.70
	373.50	841	845	414.60	725.70
	374.50	846	850	415.70	727.50
	375.50	851	855	416.90	729.50
	376.50	856	860	418.00	731.40
	377.50	861	865	419.10	733.40
	378.50	866	870	420.20	735.30
	379.50	871	875	421.30	737.30
	380.50	876	880	422.40	739.20
	381.50	881	885	423.50	741.20
	382.50	886	890	442.60	743.10
	383.50	891	895	425.70	745.10
	384.50	896	900	426.80	747.00
	385.50	901	905	428.00	749.00
	386.50	906	910	429.10	750.90
	387.50	911	915	430.20	752.90
	388.50	916	920	431.30	754.70
	389.50	921	925	432.40	756.70
	390.50	926	930	433.50	758.60
	391.50	931	935	434.60	760.60
	392.50	936	940	435.70	762.50
	393.50	941	945	436.80	764.50
	394.50	946	950	437.90	766.40

"I	II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—		At least—	But not more than—		
	$395.50	$951	$955	$439.10	$768.40
	396.50	956	960	440.20	770.30
	397.50	961	965	441.30	772.30
	398.50	966	970	442.40	774.20
	399.50	971	975	443.50	776.20
	400.50	976	980	444.60	778.00
	401.50	981	985	445.70	780.00
	402.50	986	990	446.80	781.90
	403.50	991	995	447.90	783.90
	404.50	996	1,000	449.00	785.80
		1,001	1,005	450.00	787.50
		1,006	1,010	451.00	789.30
		1,011	1,015	452.00	791.00
		1,016	1,020	453.00	792.80
		1,021	1,025	454.00	794.50
		1,026	1,030	455.00	796.30
		1,031	1,035	456.00	798.00
		1,036	1,040	457.00	799.80
		1,041	1,045	458.00	801.50
		1,046	1,050	459.00	803.30
		1,051	1,055	460.00	805.00
		1,056	1,060	461.00	806.80
		1,061	1,065	462.00	808.50
		1,066	1,070	463.00	810.30
		1,071	1,075	464.00	812.00
		1,076	1,080	465.00	813.80
		1,081	1,085	466.00	815.50
		1,086	1,090	467.00	817.30
		1,091	1,095	468.00	819.00
		1,096	1,100	469.00	820.80."

(b)(1) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" wherever it appears and inserting in lieu thereof "the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$29.00" wherever it appears and inserting in lieu thereof "the larger of $32.20 or the amount most recently established in lieu thereof under section 215(i)".

(2) Section 202(a)(4) of Public Law 92-336 is hereby repealed.

(c) The amendment made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 201(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (i) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 of each year after 1974, or".

(b) Clause (ii) of section 215(i)(1)(B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year such a general benefit increase becomes effective; and".

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975", and by striking out "and to subparagraph (E) of this paragraph".

(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year";

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year"; and

(3) by striking out "(subject to subparagraph (E))".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and by striking out "(subject to subparagraph (E))".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of sections 203(f)(8), 215(i)(1)(B), and 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j)(1) Section 230(a) of such Act is amend—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year),".

(2) Section 203(f)(8)(B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year".

(3) Section 203(f)(8)(C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215(i)(3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211(a)(1)(A) of Public Law 93-66 (as amended by subsection (a)(2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

INCREASE IN EARNINGS BASE

SEC. 5. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93-66.

CHANGES IN TAX SCHEDULES

SEC. 6. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent);

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent.

"(5) with respect to wages paid during the calendar year 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b)(1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201(b)(1) of the Social Security Act is amended by striking out "(E)" and all that follows down through "which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wags (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201(b)(2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so desired) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 8. (a)(1) Section 3(e) of the Food Stamp Act of 1964 is amended effective only for the 6-month period beginning January 1, 1974 to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof: "For the 6-month period beginning January 1, 1974 no individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household or an elderly

person for purposes of this Act for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.".

(2) Section 3(b) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(b)(1) Section 4(c) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92-603) shall not be effective for the 6-month period beginning January 1, 1974.

(3) For the 6-month period beginning January 1, 1974, no individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(e) The amendment made by subsection (d) shall be effective only for the 6-month period beginning January 1, 1974, except that such amendment shall not during such period, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps.

INDIVIDUALS DEEMED TO BE DISABLED UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 9. Section 1614(a)(3) of the Social Security Act is amended—

(1) by striking out the last sentence of subparagraph (A); and

(2) by inserting at the end thereof the following new subparagraph:

"(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.".

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING IN AID TO FAMILIES WITH DEPENDENT CHILDREN HOUSEHOLD

SEC. 10. (a) Section 212(a)(3)(A) of Public Law 93-66 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93-66 is amended by adding at the end thereof the following new subparagraph:

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973 income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

"(ii) The amount of the reducton (under clause (i)) of any individual's December 1973 income shall not be in an amount which would cause the suppleemntary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family members of which were receiving aid under part A of title IV of the Social Security Act, and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act."

CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 11. (a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and

(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973),

the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act (or which is deemed, under section 212(d) of Public Law 93-66, to have entered into such an agreement), then, of the costs of any project of such State will respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall—

(1) be paid, from time to time, to such State by the Secretary, and

(2) shall, for purposes of section 1616(d) of the Social Security Act and section 401 of the Social Security Amendments of 1972, be treated in like manner as if such non-Federal share were supplementary payments made by the Secretary on behalf of such State pursuant to such agreement.

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 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) or in a childcare institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(4) The provisions of subsection (a) shall not be construed to preclude the Secretary from making any modification in any regulation (described in subsection (a)) if such modification is technically necessary to take account of the enactment of section 301 or 302 of the Social Security Amendments of 1972.

(c) Notwithstanding the provisions of section 553 (d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

Beneficiaries

SEC. 13. (a)(1) Section 1901 of the Social Security Act (as amended by Public Law 92-603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out "to administer the plan," and inserting in lieu thereof, "to administer or to supervise the administration of the plan;" and by striking out "to supervise the administration of the plan" and inserting in lieu thereof "to administer or to supervise the administration of the plan" in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to aprticipate in the State plan program established under title XVI, or by the agency of agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI" in lieu thereof.

(3) Section 1902(a)(10) of such Act is amended to read as follows:

"(10) provide—

"(A) for making medical assistance available to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;

"(B) that the medical assistance made available to any individual described in clause (A)—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

"(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

"(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

"(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);".

(4) Section 1902(a)(13)(B) of such Act is amended by striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI" in lieu thereof.

(5) Section 1902(a)(14)(A) of such Act is amended by striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)" in lieu thereof.

(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting "(other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A))" immediately after "with respect to individuals";

(B) inserting "and with respect to whom supplemental security income benefits are not being paid under title XVI" immediately after "any such State plan";

(C) striking out "the one of such State plans which is appropriate" and inserting "the appropriate State plan, or the supplemental security income program under title XVI, as the case may be," in lieu thereof; and

(D) striking out "or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX".

(7) Section 1902(a)(17) of such act is amended by—

(A) striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI" in lieu thereof; and

(D) striking out "and amount of such aid or assistance under such plan" and inserting "such aid, assistance, or benefits" in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out "is blind or permanently and totally disabled" and inserting "(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program)" in lieu thereof.

(9) Section 1902(a)(20)(C) of such Act is amended by inserting ", section 603(a)(1)(A) (i) and (ii)," immediately after "section 3(a)(4)(A) (i) and (ii)".

10 Section 1902(f) of such act is amended by—

(A) inserting "not eligible to participate in the State plan program established under title XVI" immediately after "State" the first time it appears therein;

(B) striking out "such individual's payment under title XVI" and inserting "any supplemental security income payment and State supplementary payment made with respect to such individual" in lieu thereof;

(C) striking out "as defined in section 213 of the Internal Revenue Code of 1954" and inserting "as recognized under State law" in lieu thereof; and

(D) inserting at the end thereof the following new sentences: "In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of in-

curred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection.".

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof.

(12) Section 1903(f)(4) of such Act is amended to read as follows:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

"(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

"(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

"(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1),

at the time of the provision of the medical assistance giving rise to such expenditure."

(13) The matter before clause (1) in section 1905(a) of such Act is amended by striking out "individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof.

(14) Section 1905(a)(iv) of such Act is amended by inserting "with respect to States eligible to participate in the State plan program established under title XVI," at the end thereof.

(15) Section 1905(a)(v) of such Act is amended by striking out "or" inserting "with respect to States eligible to participate in the State plan program established under title XVI," in lieu thereof.

(16) Section 1905(a)(vi) of such Act is amended by inserting "or" at the end thereof.

(17) Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

"(vii) blind or disabled as defined in section 1614, with respect to States not eligible under the title XVI,".

(18) Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

"(j) 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), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

"(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93-66 shall not be considered supplemental security income benefits payable under title XVI.".

Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93-66.

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93-66 is amended by—

(i) inserting "received or" immediately before "would", and

(ii) striking out "or" at the end thereof and inserting "and" in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out "was", and

(ii) striking out "need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility" and inserting "status as described in subparagraph (A), was included as an individual eligible" in lieu thereof.

(2) The first sentence of section 232 of Public Law 93-66 is amended by—

(A) striking out "(under the provisions of subparagraph (B) of such section)",

(B) striking out "to be a person described as being a person who 'would, if needy, be eligible for aid or assistance under any such State plan' in subparagraph (B)(1) of such section" and inserting "for purposes of title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act" in lieu thereof, and

(C) inserting ", and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)" before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual—

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93-66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were establish without regard to paragraph (3)(A) (ii) of such section 212(a), and

(2) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals who are eligible for such assistance under this subsection.

EFFECTIVE DATES

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 31, 1973.

PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 14. Section 1616 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approval under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX.".

PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

SEC. 15. (a)(1) Notwithstanding any other provision of law, the provisions of section 1861(b) of the Social Security Act, shall subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows:

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individuals covered under the insurance program established by this title.".

(2) Notwithstanding any other provision of law, the provisions of section 1832(a)(2)(B)(i) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if subclause II of such section read as follows:

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and".

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c)(1) The Secretary of Health, Education, and Welfare shall arrange for the conduct of a study or studies concerning (A) appropriate and equitable methods of reimbursement for physicians' services under Titles XVIII and XIX of the Social Security Act in

hospitals which have a teaching program approved as specified in Section 1861(b)(6) of such Act, (B) the extent to which funds expended under such titles are supporting the training of medical specialties which are in excess supply, (C) how such funds could be expended in ways which support more rational distribution of physician manpower both geographically and by specialty, (D) the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates, and (E) the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in section 1861(b)(6) of such Act.

(2) The studies required by paragraph (1) shall be the subject of an interim report thereon submitted not later than December 1, 1974, and a final report not later than July 1, 1975. Such reports shall be submitted to the Secretary, the Committee on Finance of the Senate, and the Committee on Ways and Means of the House of Representatives, simultaneously.

(3) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(4) If the National Academy of Sciences is unwilling to conduct the studies required under this section, under such an arrangement with the Secretary, then the Secretary shall enter into a similar arrangement with other appropriate non-profit private groups or associations under which such groups or associations shall conduct such studies and prepare and submit the reports thereon as provided in paragraph (2).

(5) The Social Security Administration shall study the interim report called for in paragraph (2) and shall submit its analysis of such interim report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 1, 1975. The Social Security Administration shall study and submit its analysis of the final report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by October 1, 1975.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to January 1, 1975 except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning after June 30, 1975.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

SEC. 16. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any provider of services on account of services provided by such hospital, skilled nursing facility, or home health agency shall be determined (for any period with respect to which the amendments made by section 233 of Public Law 92-603 would, except for the provisions of this section, be applicable) in like manner as if the date contained in the first and second sentences of subsection (f) of such section 233 were December 31, 1973, rather than December 31, 1972.

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES

SEC. 17. (a) In the administration of title XVIII of the Social Security Act, the amount payable thereunder with respect to physical therapy and other services referred to in section 1861(v)(5)(A) of such Act (as added by section 151(c) of the Social Security Amendments of 1972) shall be determined (for the period with respect to which the amendment made by such section 151(c) would, except for the provisions of this section, be applicable) in like manner as if the "December 31, 1972", which appears in such subsection (d)(3) of such section 151, read "the month in which there are promulgated, by the Secretaryy of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act".

CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

In General

Inclusion of all Wage Level Increases in Automatic Adjustment of Earning Test

SEC. 18. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by—

(1) striking out "contribution and benefit base" and inserting "exempt amount" in lieu thereof; and

(2) striking out "section 230(a)" and inserting "subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of Related Retirement

(b) Section 202(w) of such Act is amended be inserting at the end thereof the following new paragraph:

"(5) If an individual's primary insurance amount is determined under paragraph (3) of section 215(a) and, as a result of this subsection, he would be entitled to a higher old-age insurance benefit if his primary insurance amount were determined under section 215(a) without regard to such paragraph, such individual's old-age insurance benefit based upon his primary insurance amount determined under such paragraph shall be increased by an amount equal to the difference between such benefit and the benefit to which he would be entitled if his primary insurance amount were determined under such section without regard to such paragraph."

Elimination of Benefit at Age 72 for Uninsured Individual Receiving Supplemental Security Income Benefits

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

"(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973."

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

"(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,

"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) on eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by—

(A) redesignating subsection (a)(1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and

(C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 299I of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5), and the term

'age 62' in sections" and inserting ", 202(e)(5)," in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "shall" and inserting "and the phrase 'before he attained age 60' in the matter following subparagraph (G) of section 202(f)(1) shall each" in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of such Act, as redesignated by this subsection, are each amended by striking out "(a)(2)" and inserting "(b)" in lieu thereof.

Initial Payments to Presumptively Disabled Individuals Unrecoverable Only if Individual Is Ineligible Because Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by inserting "solely because such individual is determined not to be disabled" immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability of States for Optional Supplementation

(h)(1) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by—

(A) inserting ", other than fiscal year 1974," immediately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal year 1974 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures" immediately before the period of the end thereof.

(2) Section 401(c)(1) of such Act is amended by inserting "excluding" immediately before "expenditures authorized under section 1119".

Modification of Transitional Administrative Provisions

(i) Section 402 of the Social Security Amendments of 1972 is amended by—

(1) striking out "XVI" the first time that it appears therein and inserting "VI" in lieu thereof;

(2) inserting "the third and fourth quarters in the fiscal year ending June 30, 1974, and" immediately after "with respect to expenditures for"; and

(3) inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of" immediately after "during such portion of".

Inclusion of Title VI in Limitation on Grants to States for Social Services

(j) Section 1130(a) of such Act is amended by inserting "603(a)(1)," immediately after "403(a)(3),".

Clarification of Coverage of Hospitalization for Dental Services

(k)(1) Section 1814(a)(2)(E) of such Act (as amended by Public Law 92-603) is amended to read as follows:

"(E) in the case of inpatient hospital services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;".

(2) The last sentence of section 1814(a) is amended by striking out "or (D)" and inserting "(D), or (E)" in lieu thereof.

(3) Section 1862(a)(12) of such Act is amended by striking out "a dental procedure" and all that follows thereafter, and inserting "the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or" in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

(l) Section 1843(b) of such Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(f), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.".

Technical Improvement of Provisions Governing Disposition of HMO Savings

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out ", with the apportionment of savings being proportional to the losses absorbed and not yet offset".

Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by—

(1) inserting "of its premium rate or other charges" immediately after "portion";

(2) striking out "may" and inserting "shall";

(3) striking out "(i)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance".

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92-603) is amended by inserting "(or application was made on his behalf in the case of a deceased individual)" immediately after "he made application".

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(35(A) of such Act is amended by inserting "or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility" immediately after "intermediate care facility".

Technical Modification of Extended Medicaid Eligibility for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as follows:

"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such aid because of increased hours of, or increased income from, employment, shall, while a member of such family is employed, remain eligible for assistance under the plan approved under this title (as though the family was receiving aid under the plan approved under part A of title IV) for 4 calendar months beginning with the month in which such family became ineligible for aid under the plan approved under part A of title IV because of income and resources or hours of work limitations contained in such plan.".

Limitation on Payments to States for Expenditures in Relation to Disabled Individuals Eligible for Medicare

(r)(1) Section 1903(a)(1) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals sixty-five years of age or older".

(2) Section 1903(b)(2) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals aged 65 or over".

Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

(s) Section 1903(a)(4) of such Act is amended by striking out "sums expended" and inserting "sums expended with respect to costs incurred" in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out "(as found necessary by the Secretary for the proper and efficient administration of the plan)".

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting ", other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)" immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

(v) Section 1903(g)(1)(C) of such Act is amended by striking out "and who are not employed by" and by inserting ", or, except in the case of hospitals, employed by the institution" immediately after "any such institution".

Authority To Prescribe Standards Under Title XIX for Active Treatment of Mental Illness

(w) Section 1905(h)(1)(B) of such Act is amended by—

(1) striking out ", involves active treatment (i)" and inserting "(i) involve active treatment" in lieu thereof,

(2) striking out "pursuant to title XVIII", and

(3) striking out "(ii) which" and inserting "(ii)" in lieu thereof.

Correction of Erroneous Designations and Gross References

(x)(1) Section 1902(a)(13)(C) of such Act is amended by striking out "(14)" and inserting "(16)" in lieu thereof.

(2) Section 1902(a)(33)(A) of such Act is amended by striking out "last sentence" and inserting "penultimate sentence" in lieu thereof.

(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph (35) and inserting "; and" in lieu thereof; and

(B) redesignating paragraph (37) as paragraph (36).

(4) Sections 1902(a)(21), (24), and (26)(B), and the last sentence of section 1902(d), of such Act are each amended by striking out "nursing home" and "nursing homes" each time that they appear therein and inserting "nursing facility" and "nursing facilities", respectively, in lieu thereof.

(5) Section 1903(a) of such Act is amended by striking out "and section 1117" in the first parenthetical phrase.

(6) Section 1903(b) of such Act is amended by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(7) Section 1905(a)(16) of such Act is amended by striking out "under 21, as defined in subsection (e);" and inserting "under age 21, as defined in subsection (h); and" in lieu thereof.

(8) Section 1905(c) of such Act is amended by striking out "skilled nursing home" each time that it appears therein and inserting "skilled nursing facility" in lieu thereof.

(9) Section 1905 of such Act is amended by redesignating subsection (h) (which was enacted by section 299L(b) of the Social Security Amendments of 1972) as subsection (i).

(10) Section 1905(h)(2) is amended by striking out "(e)(1)" and inserting "(1)" in lieu thereof.

Deletion of Obsolete Provisions

(y)(1) Section 1903 of such Act is amended by—

(A) striking out subsection (c);

(B) striking out "(a), (b), and (c)" in subsection (d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking out everything after "section 1110(a)(8)" and inserting a period in lieu thereof.

(3) Section 1908 of such Act is amended by striking out the last sentence of subsection (d) and subsections (e) and (f), and redesignating subsection (g) as subsection (e).

Determination of Amount of Exclusion for Disapproved Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures in Certain Cases

(z-1) Section 1122(d)(2) of such Act is amended by striking out "include" the last time that it appears therein and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social Security Act

(z-2)(1) Title XI of the Social Security Act is amended—

(A) in section 1101(a)(1), by—

(i) striking out "I,", "X,", "XIV,", and "XVI,", and

(ii) by adding at the end of such section 1101 (a) the following new sentence: "In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.",

(B) in section 1115, by—

(i) inserting (in the matter preceding subsection (a)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)) "602," immediately after "402,", and

(iii) inserting (in subsection (b)) "603," immediately after "403,", and

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)(2)) "604," immediately after "404,",

(iii) inserting (in subsection (b)) "VI," immediately after "title I,", and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,".

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(z-3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 19. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:

"'SEC. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections.'."

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972 the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

SEC. 20. Section 203(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before April 1, 1974, and beginning after December 31, 1973 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof.".

The PRESIDING OFFICER. Is this the amendment on which there is to be 1 hour of debate?

Mr. LONG. Yes.

Mr. CURTIS. Mr. President, what the distinguished chairman has proposed now, to be taken care of immediately, would carry a first-year cost of $2.4 billion—in other words, $4 billion below what the Senate has previously passed. These other matters are still pending in conference. The House conferees have expressed not only a willingness but also a commitment that they will continue in conference.

Among other things, what Senator LONG has now proposed would be a benefit increase of 7 percent that would be effective for March, April, and May, with an additional 4 percent effective in June.

It would eliminate the necessity for a retroactive pay period, a point the administration is very much concerned about and would be opposed to.

There are many provisions that do not appeal to me. The cost of this increase is met by increasing the base. It has always been my opinion we should vote on both the tax rate and the base, but my views were in the minority in the committee and on the floor of the Senate.

There is a shift of funds from medicare to cash benefits. As the chairman said, what is attempted to be done will increase the SSI payments for an individual from $130 as provided to $140, and for a couple from $210 to $219. This is the new program that supplants our existing matching program for the aged, blind, and disabled. It will become effective in January.

It also takes care of the matter of food stamps for some of these recipients. We were faced with the problem with respect to the eligibility of these people getting food stamps where the eligibility would be promptly eliminated. There is a 6-month's period here in which those who draw the benefits would be taken care of and not have to bear certain hardships.

The social security regulations are a matter of great controversy. I will have something to say about that in just a moment.

There are some problems of eligibility for medicaid, which is a program for the needy and near-needy. It is a Federal matching program. These other changes that create questions about eligibility are matters of urgent attention.

There is also the 90-day extension for Federal matching for unemployment benefits, including a provision offered by the Senator from New York (Mr. JAVITS).

There are other matters that are retained in conference. There is the matter of the increase in earning limits from $2,400 to $3,000 and reducing the age from 72 to 70; and benefits for aged widows at 65.

Drugs under medicare are not decided this time, and that is a plan our chairman worked so diligently on.

Legislation relating to child support and liberalized social security for the blind, medicare for disabled spouses, and other matters were not taken care of at this time, but are carried over as the unfinished business.

The social service program is a program that started out with a small amount of money and grew very rapidly. It looked as if it was going to cost $5 or $5 billion. Congress proceeded to do something about that and it has been cut $1.9 billion and then to $2.5 billion.

There is a difference of opinion on how the matter is to be handled between Members and the administration. Regulations went into effect in November. In the meantime, the Committee on Finance adopted the idea of revenue sharing and allowing the States more or less to write their own regulations about social services.

This is not favored by the administration. What is proposed today is to take the old regulations before things got to a controversy and extend it a year. In all fairness the administration does not like it. They would like to see the regulations that were inaugurated last November continued.

There is strong feeling in the Committee on Finance for delegating the whole problem to the States. The way it has been left is that Congress can arrive at a solution of this problem which would be enacted into law in a subsequent bill prior to the end of the year. There is nothing to prevent that from being done.

Even though there are some of these matters that are not to my individual liking, I expect to support the amendment to the House bill as offered by my distinguished chairman and I am ready to vote.

Mr. MONDALE. Mr. President, I rise in support of H.R. 11333, as amended by the distinguished Senator from Louisiana (Mr LONG).

This bill represents what I believe to be a fair and reasonable solution to the impasse which has developed over H.R. 3153, the welfare technical amendments.

That bill contained technical amendmends proposed by the House to the comprehensive social security law which was enacted last fall. In addition, it contained a number of Senate amendments proposing substantive changes in the Social Security Act. The House of Representatives apparently feels strongly that differences between the House and the Senate on this bill cannot be resolved before the midterm recess.

The pending bill represents our effort to resolve the most urgent issues now, so that the remaining differences can be resolved in conference next year.

It would provide a 7-percent social security increase, effective next March to be followed by another 4 percent in June.

It would increase the basic payment under the supplemental security income program for the aged, blind, and disabled, from $130 a month to $140 a month for a single person and from $195 a month to $210 a month for a couple next January, increasing to $146 for single persons and $219 for couples next July.

It would preserve food stamp and medicaid eligibility for the aged, blind, and disabled.

It would extend for 90 days the special program of unemployment compensation for areas with high unemployment.

And it would suspend for an additional year, until December 31, 1974, the regressive regulations proposed by the Department of Health, Education, and Welfare for the social services program which provides essential services—such as child day care, education, and training services, and help for the elderly and disabled to stay in their own homes—to help people get off the welfare rolls and stay off.

Last June, the Congress enacted legislation suspending HEW's proposed regulations until last November 1. We urged the Department to revise its regulations in order to prevent massive cutbacks in the program with corresponding hardship for countless families and elderly persons, and with accompanying increases in Federal welfare costs. Although changes were made, the regulations placed into effect on November 1 would cut the heart from the services program.

At the request of the Nation's Governors, the mayors, and county officials, and a broad range of interested groups, the Senate adopted legislation to return to the States basic responsibility for administering the services program. This legislation will remain in conference by the Senate and House and I am hopeful that it will be adopted next year.

In the meantime, the 1-year extension of the previous regulations contained in the pending bill will permit States and local communities to proceed with operation and expansion of the services program.

Mr. President, as a member of the conference committee, I wish to express my thanks to the distinguished Senator from Louisiana (Mr. LONG), the chairman of the Senate conferees, for his very impressive leadership in producing this compromise.

Mr. DOLE. Mr. President, the Social Security amendments measure before us today is vitally important to millions of Americans.

As a member of the Senate Finance Committee which held hearings and deliberated over this measure with much concern, I feel that it represents a positive effort to meet a number of very pressing needs while maintaining the utmost regard for the program's sound fiscal basis.

ELEVEN PERCENT BENEFIT INCREASE

Perhaps the most prominent feature, and one which is so important to millions of elderly Americans is the two-step, 11 percent, increase in Social Security benefits. In this era of rapid rises in the cost of living, those who live on fixed incomes are hurt earliest and hardest. Social Security beneficiaries and other pensioners have been very severely hit by higher food prices, higher rents, and increased costs for everything else they must buy. So it is entirely appropriate that we act now to ease the accumulated shortfall in benefits and provide for an additional increase to avoid continued hardship and burdens.

The bill provides for a total 11-percent increase in monthly benefits to be effective, first, with a 7-percent increase in March of 1974. Then in June another 4-percent increase will take effect. On the average this will mean that a single person's benefits would rise from a present $167 to $178 in March and to $186 in June. The average benefits for a couple who now receive $277 will go to $296 in March and to $310 in June. And while these increases of $11 or $22 or whatever, may not seem so significant to some, for those who must make do on their Social Security benefits alone or in major part, these are quite important.

AUTOMATIC COST-OF-LIVING INCREASE

An additional automatic cost-of-living increase, to be effective in June 1975, is written into the bill. This step is consistent with the policy of assuring that social security benefits do not lag behind the cost factors in the economy, and I believe it is most appropriate.

WAGE BASE INCREASE

Of course, with any benefits there is always the question of paying for them. And with the social security program there are two choices. First, the size of the payroll tax can be increased. But this approach hits low- and moderate-income workers very hard. They are already paying a far greater portion of their income in these taxes than someone with a much higher income so increasing the tax rate is a very regressive approach to improving social security benefits.

The other alternative is to increase the wage base upon which the tax is paid, and the committee has adopted this approach. Thus in January the wage base will go from $12,600 to $13,200 and will mean that those in the lower income brackets will not have their burden for supporting the social security program increased at this time.

SUPPLEMENTAL SECURITY INCOME PROGRAM

Under the provisions of this bill 1974 will bring good news in the form of new income benefits for as many as 45,000 aged, blind, and disabled Kansans who act quickly to apply for the supplemental security income program.

Estimates are that at least this many more Kansas citizens may be eligible for the federally administered SSI program in addition to the some 15,000 who have been eligible under the comparable State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. Naturally the program will also include those persons who had previously been aided by the State programs.

MINIMUM INCOME ASSURED

The new program, which will take effect in January, insures people 65 or older, or blind, or disabled, an income of at least $130 a month for individuals and $195 for couples. In January 1974 these payments will rise to $140 for an individual and $210 for couples. Furthermore, in July these payments will rise to $146 for single persons and $219 for couples. Depending on an individual's other income, not all checks will be exactly that amount, but everyone now receiving public assistance will get at least as much as they are receiving now.

OUTREACH PROGRAM

People who receive State assistance checks in December will automatically receive Federal checks beginning in January and there is a statewide volunteer effort to reach individuals newly eligible for SSI payments and help them enroll at the nearest Social Security Office. Kansas received a $95,000 grant from the Administration on Aging to aid this identification and outreach program called SSI alert.

Groups in Kansas which have been aiding the SSI alert are the National Association of Retired Federal Employees, the American Association of Retired Persons, the National Council on Aging, the National Caucus on the Black Aged, and Social Security Administration offices. Kansans who think they may be eligible for assistance under the new SSI program have been directed to contact their local Social Security Office. Representatives from any of these voluntary groups are also able to advise them on application procedures.

The bill also includes a number of other important provisions concerning aged, blind, and disabled persons' eligibility for food stamps and medicare; certain regulations dealing with unemploy-

ment benefits; and a temporary suspension of a set of HEW regulations dealing with Federal social services grants.

So, Mr. President, I would repeat that this bill is very important to millions of Americans who depend very directly on their social security benefits. It is important that these benefits be sufficient to meet their needs and enable them to live in dignity and with a measure of self-respect.

Mr. HUDDLESTON. Mr. President, I am voting for the social security proposal before us today as I have voted for social security increases on three earlier occasions this year.

I do so knowing of the extreme difficulties faced by many of our retired elderly, seeking to make ends meet at a time when shortages place upward pressures on prices and inflation continues unabated. I do so in the belief that we have a responsibility to those who have themselves contributed to the system and who depend upon it.

I also do so, however, with concern over the growing tax burden which is resulting from the social security system. The social security tax has risen dramatically in recent years. In 1960, it was 3 percent on the first $4,800 of earnings or a total of $144 a year. By 1970, it had risen to 4.2 percent on the first $7,800 or $327 a year. Only 3 years later, in the current year, the maximum has risen to over $500 and projections indicate additional escalation.

The impact of the increases is, furthermore, compounded by several factors. First, only a portion of income is taxable. Presently, the taxable income is $10,800. All income above is excluded. This concept of a cutoff was adopted because benefits are limited, and there must be some relation between contributions and benefits. Still, that does mean that those in the lower and middle-income levels bear the major burden for supporting the social security system.

Second, it is these same people who bear the brunt of the burden for a variety of other taxes—especially State and Federal income taxes and the local property tax. While various jurisdictions impose these taxes, it is important to remember that they all fall on the individual and that it is he who pays.

I am disappointed that Congress has not addressed itself to comprehensive tax reform during this session—I hope it will do so early next year. At the same time, I hope the Congress will study the overall impact of the tax structure on the individual and devise a Federal tax system based on an understanding of the larger tax picture, whether it be from the local, State, or Federal level.

When taxes are deducted or the check written, it makes little difference to the individual which level of government has imposed the tax. The fact is that the American citizen is paying up. And, there is no way that the total impact of taxes on the earnings and living styles of the American family can be assessed unless the entire taxing structure is examined.

Thus, the responsibility for tax reform is not simply the responsibility to raise or lower taxes one by one. It is, instead, the responsibility to review all taxes as they relate to the individual and to develop a system that is fair and equitable and based on an appreciation of the many aspects of the taxing structure in this Nation.

Mr. ROTH. Mr. President, when the Social Security Amendments of 1973 (H.R. 3153) were being considered in the Senate Finance Committee, I supported the social security benefit increases; as well as benefit increases for the aged, blind, and disabled persons under the supplemental security income program. This legislation will help provide some relief from this situation.

I held the conviction then, and I do so now, that passage of the Social Security Amendments which should bring about the long overdue financial relief for these senior citizens should be a legislative matter of priority; and should be passed by this distinguished body with maximum dispatch. I am gratified that my esteemed colleagues in conference have seen fit to come up with a bill that will help realize the urgent and immediate objective of passing on to the aged and the poor the benefit increases they deserve and need. It is important that we act on this legislation before adjourning.

NEW SOCIAL SECURITY INCREASES FOR THE ELDERLY POOR

Mr. CRANSTON. Mr. President, my Los Angeles office received a call recently from a 70-year-old veterans pensioner who had been arrested for stealing change from a newsstand. He said he did it, because he had to eat.

In Miami, the police department reports a sharp increase in supermarket shoplifting by elderly people who are apparently forced to steal in order to stay alive.

This kind of indignity—elderly people reduced to stealing— is outrageous. Close to 5 million of the over 20 million Americans aged 65 or over have incomes below the poverty line. A new wave of still higher inflation that I believe is coming will further swell the ranks of the elderly poor.

If we are going to expect older Americans of modest means to survive this period of runaway inflation we have to do something to help them. The cutting edge of Congress response has been social security benefits. Enough financial support must be provided through social security to allow the elderly to support themselves in relative comfort and dignity.

Today's Congress passed a 7-percent-across-the-board increase in social security benefits effective in March. It will appear in the April checks. Another 4 percent increase was approved effective in June.

Both increases, which I heartily supported, will go a long way toward improving conditions for older Americans.

Mr. LONG. Mr. President, if there is no request for time on the amendment, I yield back my time.

Mr. CURTIS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read third time.

The bill was read the third time.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

* * * * *

INCREASE IN SOCIAL SECURITY BENEFITS

The Senate continued with the consideration of the bill (H.R. 11333) to provide a 7-percent increase, in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. CANNON), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri

(Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from North Carolina (Mr. ERVIN), the Senator from Alaska (Mr. GRAVEL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from New Mexico (Mr. MONTOYA), the Senator from Utah (Mr. MOSS), the Senator from Rhode Island (Mr. PASTORE), and the Senator from Georgia (Mr. TALMADGE), are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. TALMADGE), the Senator from New Mexico (MONTOYA), the Senator from Utah (Mr. MOSS), the Senator from Missouri (Mr. EAGLETON), the Senator from Alaska (Mr. GRAVEL), the Senator from Idaho (Mr. CHURCH), and the Senator from Texas (Mr. BENTSEN) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senators from Vermont (Mr. AIKEN and Mr. STAFFORD), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Massachusetts (Mr. BROOKE), the Senator from New York (Mr. BUCKLEY), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Florida (Mr. GURNEY), the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), the Senator from Idaho (Mr. MCCLURE), the Senator from Kansas (Mr. PEARSON), the Senator from Illinois (Mr. PERCY), the Senators from Ohio (Mr. SAXBE and Mr. TAFT), the Senator from Texas (Mr. TOWER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

If present and voting, the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), the Senator from Texas (Mr. TOWER) the Senator from Ohio (Mr. TAFT), and the Senator from Connecticut (Mr. WEICKER) would each vote "yea."

The result was announced—yeas 66, nays 0, as follows:

[No. 613 Leg.]

YEAS—64

Abourezk	Hart	Muskie
Allen	Hartke	Nelson
Bartlett	Haskell	Nunn
Bayh	Hathaway	Packwood
Beall	Hruska	Pell
Bible	Huddleston	Proxmire
Biden	Hughes	Randolph
Burdick	Humphrey	Ribicoff
Byrd, Harry F., Jr.	Inouye	Roth
Byrd, Robert C.	Jackson	Schweiker
Case	Javits	Scott, Hugh
Chiles	Johnston	Scott, William L.
Clark	Kennedy	Sparkman
Cook	Long	Stennis
Cranston	Magnuson	Stevens
Curtis	Mansfield	Stevenson
Dole	Mathias	Symington
Domenici	McClellan	Thurmond
Fannin	McGee	Tunney
Fulbright	McGovern	Williams
Griffin	McIntyre	Young
Hansen	Metcalf	
	Mondale	

NAYS—0

NOT VOTING—34

Aiken	Eagleton	Moss
Baker	Eastland	Pastore
Bellmon	Ervin	Pearson
Bennett	Fong	Percy
Bentsen	Goldwater	Saxbe
Brock	Gravel	Stafford
Brooke	Gurney	Taft
Buckley	Hatfield	Talmadge
Cannon	Helms	Tower
Church	Hollings	Weicker
Cotton	McClure	
Dominick	Montoya	

So the conference report on H.R. 11333 was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HANSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am happy to yield to the Senator from Nebraska. Does he want the floor in his own right?

Mr. CURTIS. I intend to speak for some 3 or 4 minutes.

Mr. McCLELLAN. I yield.

SOCIAL SECURITY INCREASES IN BENEFITS

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11333), to provide a 7-percent increase in social security benefits beginning with March 1974, and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes, with the Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert the following:

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201(a)(1) of Public Law 93-66 is amended by striking out "the percentage by which" and all that follows and inserting in lieu thereof the following: "7 per centum.".

(b) Section 201(a)(2) of Public Law 93-66 is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of Public Law 93-66 is amended to read as follows:

"(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that—

"(1) the amount of such increase shall be 7 per centum,

"(2) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(e) of such Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (2)(B) of such section 202(e), and

"(3) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(f) of such Act for February 1974 (without the application of section 202(j)(f) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (3)(B) of such section 202(f).".

(d) Section 201(c)(2) of Public Law 93-66 is amended by striking out "May 1974" and inserting in lieu thereof "February 1974".

(e) Section 201(d) of Public Law 93-66 is amended by striking out "December 1974" each place it appears and inserting in lieu thereof "May 1974".

(f) Section 202(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increasde pursuant to any general benefit increase (as defined in section 215(i)(3)) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increase provided effective for March 1974, as though such redetermination had been made."

(g) Section 202(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increased pursuant to any general benefit increase (as defined in section 215(i)(3) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increased provided effective for March 1974, as though such redetermination had been made."

(h)(1) Section 215(a)(3) of the Social Security Act is amended by striking out "$8.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

(i) In the case of an individual to whom monthly benefits are payable under title II of the Social Security Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), and to whom section 202(m) of such Act is applicable for such month, such section shall continue to be applicable to such benefits for the months of March through May 1974 for which such individual remains the only individual entitled to a monthly benefit on the basis of the wages and self-employment income of the decreased insured individual.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
"---------	$16.20	$84.50	----------	$76	$93.80	$140.80
$16.21	16.84	85.80	$77	78	95.30	143.00
16.85	17.60	87.80	79	80	97.50	146.30
17.61	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	83	101.10	151.70
19.25	20.00	92.90	84	85	103.20	154.80
20.01	20.64	94.60	86	87	105.10	157.70
20.65	21.28	96.20	88	89	106.80	160.20
21.29	21.88	98.10	90	90	108.80	163.40
21.89	22.28	99.80	91	92	110.80	166.20
22.29	22.68	101.40	93	94	112.60	169.00
22.69	23.08	103.00	95	96	114.40	171.60
23.00	23.44	104.90	97	97	116.50	174.80
23.45	23.76	106.70	98	99	118.50	177.80
23.77	24.20	108.80	100	101	120.80	181.20
24.21	24.60	110.30	102	102	122.50	183.80
24.61	25.00	112.10	103	104	124.50	186.80
25.01	25.48	114.20	105	106	126.80	190.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	26.40	117.90	108	109	130.90	196.40
26.41	26.94	119.70	110	113	132.90	199.40
26.95	27.46	121.40	114	118	134.80	202.20
27.47	28.00	123.30	119	122	136.90	205.40
28.01	28.68	125.10	123	127	138.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.90
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	181	188	165.20	247.80
36.41	37.08	150.90	189	193	167.50	251.40
37.09	37.60	152.70	191	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	156.40	203	207	173.70	260.60
39.13	39.68	158.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.80	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	286.20
44.45	44.88	172.70	245	249	191.70	292.10
44.89	45.60	174.80	250	253	194.10	296.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	308.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.50
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	306	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$240.30	$418	$421	$266.80	$493.00
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.30
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.90	516.50
		250.60	446	450	278.20	519.40
		252.50	451	454	280.30	521.70
		254.10	455	459	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	468	285.80	530.00
		259.40	469	473	288.00	532.80
		260.90	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	496	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.90
		286.80	544	548	318.40	576.80
		288.40	549	553	320.20	579.80
		290.10	554	556	322.10	581.50
		291.50	557	560	323.60	583.90
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.30
		300.60	578	581	333.70	596.10
		302.20	582	584	335.50	597.90
		303.60	585	588	337.00	600.30
		305.30	589	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.30	596	598	342.30	606.10
		309.80	599	602	343.90	608.50
		311.30	603	605	345.60	610.30
		312.80	606	609	347.30	612.50
		314.40	610	612	349.00	614.40
		315.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.30
		320.40	624	627	355.70	623.10
		321.90	628	630	357.40	625.10
		323.40	631	634	359.00	628.10
		325.00	635	637	360.80	631.10
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	648	365.90	640.30
		331.00	649	652	367.50	643.10
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	646.10
		334.10	661	665	370.90	649.10
		335.30	666	670	372.20	651.40
		336.50	671	675	373.60	653.10
		337.70	676	680	374.90	658.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.10
		341.30	691	695	378.90	663.10
		342.50	696	700	380.20	665.40
		343.70	701	705	381.60	667.10
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.60	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	393.50	688.70
		355.50	751	755	394.70	690.70
		356.50	756	760	395.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I		II	III		IV	V
(Primary insurance benefit under 1939 Act, as modified)		(Primary insurance amount effective for September 1972)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$365.50	$796	$800	$404.60	$708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00
		367.50	811	815	408.00	714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.30	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.90	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	875	421.30	737.30
		380.50	876	880	422.40	739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	442.60	743.10
		383.50	891	895	425.70	745.10
		384.50	896	900	426.80	747.00
		385.50	901	905	428.00	749.00
		386.50	906	910	429.10	750.90
		387.50	911	915	430.20	752.90
		388.50	916	920	431.30	754.70
		389.50	921	925	432.40	756.70
		390.50	926	930	433.50	758.60
		391.50	931	935	434.60	760.60
		392.50	936	940	435.70	762.50
		393.50	941	945	436.80	764.50
		394.50	946	950	437.90	766.40
		$395.50	$951	$955	$439.10	$768.40
		396.50	956	960	440.20	770.30
		397.50	961	965	441.30	772.30
		398.50	966	970	442.40	774.20
		399.50	971	975	443.50	776.20
		400.50	976	980	444.60	778.00
		401.50	981	985	445.70	780.00
		402.50	986	990	446.80	781.90
		403.50	991	995	447.90	783.90
		404.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.50
			1,006	1,010	451.00	789.30
			1,011	1,015	452.00	791.00
			1,016	1,020	453.00	792.80
			1,021	1,025	454.00	794.50
			1,026	1,030	455.00	796.30
			1,031	1,035	456.00	798.00
			1,036	1,040	457.00	799.80
			1,041	1,045	458.00	801.50
			1,046	1,050	459.00	803.30
			1,051	1,055	460.00	805.00
			1,056	1,060	461.00	806.80
			1,061	1,065	462.00	808.50
			1,066	1,070	463.00	810.30
			1,071	1,075	464.00	812.00
			1,076	1,080	465.00	813.80
			1,081	1,085	466.00	815.50
			1,086	1,090	467.00	817.30
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80."

(b)(1) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" wherever it appears and inserting in lieu thereof "the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$29.00" wherever it appears and inserting in lieu thereof "the larger of $32.20 or the amount most recently established in lieu thereof under section 215(i)".

(2) Section 202(a)(4) of Public Law 92-336 is hereby repealed.

(c) The amendment made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 201(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (i) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 of each year after 1974, or".

(b) Clause (ii) of section 215(i)(1)(B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year such a general benefit increase becomes effective; and".

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975", and by striking out "and to subparagraph (E) of this paragraph".

(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year";

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year"; and

(3) by striking out "(subject to subparagraph (E))".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and by striking out "(subject to subparagraph (E))".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of sections 203(f)(8), 215(i)(1)(B), and 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j)(1) Section 230(a) of such Act is amend—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year),".

(2) Section 203(f)(8)(B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year".

(3) Section 203(f)(8)(C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215(i)(3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211(a)(1)(A) of Public Law 93-66 (as amended by subsection (a)(2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

INCREASE IN EARNINGS BASE

SEC. 5. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93-66.

CHANGES IN TAX SCHEDULES

SEC. 6. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent);

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent.

"(5) with respect to wages paid during the calendar year 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b)(1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201(b)(1) of the Social Security Act is amended by striking out "(E)" and all that follows down through "which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wags (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.5 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201(b)(2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so desired) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 8. (a)(1) Section 3(e) of the Food Stamp Act of 1964 is amended effective only for the 6-month period beginning January 1, 1974 to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof: "For the 6-month period beginning January 1, 1974 no individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household or an elderly

person for purposes of this Act for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.".

(2) Section 3(b) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(b)(1) Section 4(c) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92-603) shall not be effective for the 6-month period beginning January 1, 1974.

(3) For the 6-month period beginning January 1, 1974, no individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(e) The amendment made by subsection (d) shall be effective only for the 6-month period beginning January 1, 1974, except that such amendment shall not during such period, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps.

INDIVIDUALS DEEMED TO BE DISABLED UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 9. Section 1614(a)(3) of the Social Security Act is amended—

(1) by striking out the last sentence of subparagraph (A); and

(2) by inserting at the end thereof the following new subparagraph:

"(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.".

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING IN AID TO FAMILIES WITH DEPENDENT CHILDREN HOUSEHOLD

SEC. 10. (a) Section 212(a)(3)(A) of Public Law 93-66 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93-66 is amended by adding at the end thereof the following new subparagraph:

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973 income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

"(ii) The amount of the reducton (under clause (i)) of any individual's December 1973 income shall not be in an amount which would cause the suppleemntary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family members of which were receiving aid under part A of title IV of the Social Security Act, and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act."

CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 11. (a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and

(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973).

the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act (or which is deemed, under section 212(d) of Public Law 93-66, to have entered into such an agreement), then, of the costs of any project of such State will respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall—

(1) be paid, from time to time, to such State by the Secretary, and

(2) shall, for purposes of section 1616(d) of the Social Security Act and section 401 of the Social Security Amendments of 1972, be treated in like manner as if such non-Federal share were supplementary payments made by the Secretary on behalf of such State pursuant to such agreement.

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 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".

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d) (1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d) (5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) or in a childcare institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed by such child because he is under foster care.".

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973.

(4) The provisions of subsection (a) shall not be construed to preclude the Secretary from making any modification in any regulation (described in subsection (a)) if such modification is technically necessary to take account of the enactment of section 301 or 302 of the Social Security Amendments of 1972.

(c) Notwithstanding the provisions of section 553 (d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

Beneficiaries

SEC. 13. (a)(1) Section 1901 of the Social Security Act (as amended by Public Law 92-603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out "to administer the plan," and inserting in lieu thereof, "to administer or to supervise the administration of the plan;" and by striking out "to supervise the administration of the plan" and inserting in lieu thereof "to administer or to supervise the administration of the plan" in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to aprticipate in the State plan program established under title XVI, or by the agency of agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI" in lieu thereof.

(3) Section 1902(a)(10) of such Act is amended to read as follows:

"(10) provide—

"(A) for making medical assistance available to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;

"(B) that the medical assistance made available to any individual described in clause (A)—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

"(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

"(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

"(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);".

(4) Section 1902(a)(13)(B) of such Act is amended by striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI" in lieu thereof.

(5) Section 1902(a)(14)(A) of such Act is amended by striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)" in lieu thereof.

(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting "(other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A))" immediately after "with respect to individuals";

(B) inserting "and with respect to whom supplemental security income benefits are not being paid under title XVI" immediately after "any such State plan";

(C) striking out "the one of such State plans which is appropriate" and inserting "the appropriate State plan, or the supplemental security income program under title XVI, as the case may be," in lieu thereof and

(D) striking out "or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX".

(7) Section 1902(a)(17) of such act is amended by—

(A) striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI" in lieu thereof; and

(D) striking out "and amount of such aid or assistance under such plan" and inserting "such aid, assistance, or benefits" in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out "is blind or permanently and totally disabled" and inserting "(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program)" in lieu thereof.

(9) Section 1902(a)(20)(C) of such Act is amended by inserting ", section 603(a)(1)(A) (i) and (ii)," immediately after "section 3(a)(4)(A) (i) and (ii)".

10 Section 1902(f) of such act is amended by—

(A) inserting "not eligible to participate in the State plan program established under title XVI" immediately after "State" the first time it appears therein,

(B) striking out "such individual's payment under title XVI" and inserting "any supplemental security income payment and State supplementary payment made with respect to such individual" in lieu thereof;

(C) striking out "as defined in section 213 of the Internal Revenue Code of 1954" and inserting "as recognized under State law" in lieu thereof; and

(D) inserting at the end thereof the following new sentences: "In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of in-

curred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection.".

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof.

(12) Section 1903(f)(4) of such Act is amended to read as follows:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

"(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

"(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

"(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1),

at the time of the provision of the medical assistance giving rise to such expenditure."

(13) The matter before clause (i) in section 1905(a) of such Act is amended by striking out "individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof.

(14) Section 1905(a)(iv) of such Act is amended by inserting "with respect to States eligible to participate in the State plan program established under title XVI," at the end thereof.

(15) Section 1905(a)(v) of such Act is amended by striking out "or" inserting "with respect to States eligible to participate in the State plan program established under title XVI," in lieu thereof.

(16) Section 1905(a)(vi) of such Act is amended by inserting "or" at the end thereof.

(17) Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

"(vii) blind or disabled as defined in section 1614, with respect to States not eligible under the title XVI,".

(18) Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

"(j) 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), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

"(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93-66 shall not be considered supplemental security income benefits payable under title XVI.".

Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93-66.

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93-66 is amended by—

(i) inserting "received or" immediately before "would", and

(ii) striking out "or" at the end thereof and inserting "and" in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out "was", and

(ii) striking out "need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility" and inserting "status as described in subparagraph (A), was included as an individual eligible" in lieu thereof.

(2) The first sentence of section 232 of Public Law 93-66 is amended by—

(A) striking out "(under the provisions of subparagraph (B) of such section)",

(B) striking out "to be a person described as being a person who 'would, if needy, be eligible for aid or assistance under any such State plan' in subparagraph (B)(i) of such section" and inserting "for purposes of title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act" in lieu thereof, and

(C) inserting ", and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)" before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual—

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93-66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were establish without regard to paragraph (3)(A) (ii) of such section 212 (a), and

(2) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals who are eligible for such assistance under this subsection.

EFFECTIVE DATES

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 31, 1973.

PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 14. Section 1616 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approved under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX.".

PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

SEC. 15. (a)(1) Notwithstanding any other provision of law, the provisions of section 1861(b) of the Social Security Act, shall subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows:

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individuals covered under the insurance program established by this title.".

(2) Notwithstanding any other provision of law, the provisions of section 1832(a)(2)(B)(i) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if subclause II of such section read as follows:

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and".

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c)(1) The Secretary of Health, Education, and Welfare shall arrange for the conduct of a study or studies concerning (A) appropriate and equitable methods of reimbursement for physicians' services under Titles XVIII and XIX of the Social Security Act in

hospitals which have a teaching program approved as specified in Section 1861(b)(6) of such Act, (B) the extent to which funds expended under such titles are supporting the training of medical specialties which are in excess supply, (C) how such funds could be expended in ways which support more rational distribution of physician manpower both geographically and by specialty, (D) the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates, and (E) the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in section 1861(b)(6) of such Act.

(2) The studies required by paragraph (1) shall be the subject of an interim report thereon submitted not later than December 1, 1974, and a final report not later than July 1, 1975. Such reports shall be submitted to the Secretary, the Committee on Finance of the Senate, and the Committee on Ways and Means of the House of Representatives, simultaneously.

(3) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(4) If the National Academy of Sciences is unwilling to conduct the studies required under this section, under such an arrangement with the Secretary, then the Secretary shall enter into a similar arrangement with other appropriate non-profit private groups or associations under which such groups or associations shall conduct such studies and prepare and submit the reports thereon as provided in paragraph (2).

(5) The Social Security Administration shall study the interim report called for in paragraph (2) and shall submit its analysis of such interim report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 1, 1975. The Social Security Administration shall study and submit its analysis of the final report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by October 1, 1975.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to January 1, 1975 except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning after June 30, 1975.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

SEC. 16. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any provider of services on account of services provided by such hospital, skilled nursing facility, or home health agency shall be determined (for any period with respect to which the amendments made by section 233 of Public Law 92-603 would, except for the provisions of this section, be applicable) in like manner as if the date contained in the first and second sentences of subsection (f) of such section 233 were December 31, 1973, rather than December 31, 1972.

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES

SEC. 17. (a) In the administration of title XVIII of the Social Security Act, the amount payable thereunder with respect to physical therapy and other services referred to in section 1861(v)(5)(A) of such Act (as added by section 151(c) of the Social Security Amendments of 1972) shall be determined (for the period with respect to which the amendment made by such section 151(c) would, except for the provisions of this section, be applicable) in like manner as if the "December 31, 1972", which appears in such subsection (d)(3) of such section 151, read "the month in which there are promulgated, by the Secretaryy of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act".

CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

In General

Inclusion of all Wage Level Increases in Automatic Adjustment of Earning Test

SEC. 18. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by—

(1) striking out "contribution and benefit base" and inserting "exempt amount" in lieu thereof; and

(2) striking out "section 230(a)" and inserting "subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of Related Retirement

(b) Section 202(w) of such Act is amended be inserting at the end thereof the following new paragraph:

"(5) If an individual's primary insurance amount is determined under paragraph (3) of section 215(a) and, as a result of this subsection, he would be entitled to a higher old-age insurance benefit if his primary insurance amount were determined under section 215(a) without regard to such paragraph, such individual's old-age insurance benefit based upon his primary insurance amount determined under such paragraph shall be increased by an amount equal to the difference between such benefit and the benefit to which he would be entitled if his primary insurance amount were determined under such section without regard to such paragraph."

Elimination of Benefit at Age 72 for Uninsured Individual Receiving Supplemental Security Income Benefits

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

"(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973."

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

"(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,

"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by—

(A) redesignating subsection (a)(1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and

(C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 299I of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1973) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5), and the term

'age 62' in sections" and inserting ", 202(e)(5)," in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "shall" and inserting "and the phrase 'before he attained age 60' in the matter following subparagraph (G) of section 202(f)(1) shall each" in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of such Act, as redesignated by this subsection, are each amended by striking out "(a)(2)" and inserting "(b)" in lieu thereof.

Initial Payments to Presumptively Disabled Individuals Unrecoverable Only if Individual Is Ineligible Because Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by inserting "solely because such individual is determined not to be disabled" immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability of States for Optional Supplementation

(h)(1) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by—

(A) inserting ", other than fiscal year 1974," immediately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal year 1974 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures" immediately before the period of the end thereof.

(2) Section 401(c)(1) of such Act is amended by inserting "excluding" immediately before "expenditures authorized under section 1119".

Modification of Transitional Administrative Provisions

(i) Section 402 of the Social Security Amendments of 1972 is amended by—

(1) striking out "XVI" the first time that it appears therein and inserting "VI" in lieu thereof;

(2) inserting "the third and fourth quarters in the fiscal year ending June 30, 1974, and" immediately after "with respect to expenditures for"; and

(3) inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of" immediately after "during such portion of".

Inclusion of Title VI in Limitation on Grants to States for Social Services

(j) Section 1130(a) of such Act is amended by inserting "603(a)(1)," immediately after "403(a)(3),".

Clarification of Coverage of Hospitalization for Dental Services

(k)(1) Section 1814(a)(2)(E) of such Act (as amended by Public Law 92-603) is amended to read as follows:

"(E) in the case of inpatient hospital services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;".

(2) The last sentence of section 1814(a) is amended by striking out "or (D)" and inserting "(D), or (E)" in lieu thereof.

(3) Section 1862(a)(12) of such Act is amended by striking out "a dental procedure" and all that follows thereafter, and inserting "the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or" in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

(l) Section 1843(b) of such Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(f), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.".

Technical Improvement of Provisions Governing Disposition of HMO Savings

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out ", with the apportionment of savings being proportional to the losses absorbed and not yet offset".

Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by—

(1) inserting "of its premium rate or other charges" immediately after "portion";

(2) striking out "may" and inserting "shall";

(3) striking out "(i)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance".

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92-603) is amended by inserting "(or application was made on his behalf in the case of a deceased individual)" immediately after "he made application".

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(35(A) of such Act is amended by inserting "or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility" immediately after "intermediate care facility".

Technical Modification of Extended Medicaid Eligibility for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as follows:

"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such aid because of increased hours of, or increased income from, employment, shall, while a member of such family is employed, remain eligible for assistance under the plan approved under this title (as though the family was receiving aid under the plan approved under part A of title IV) for 4 calendar months beginning with the month in which such family became ineligible for aid under the plan approved under part A of title IV because of income and resources or hours of work limitations contained in such plan.".

Limitation on Payments to States for Expenditures in Relation to Disabled Individuals Eligible for Medicare

(r)(1) Section 1903(a)(1) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals sixty-five years of age or older".

(2) Section 1903(b)(2) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals aged 65 or over".

Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

(s) Section 1903(a)(4) of such Act is amended by striking out "sums expended" and inserting "sums expended with respect to costs incurred" in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out "(as found necessary by the Secretary for the proper and efficient administration of the plan)".

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting ", other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)" immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

(v) Section 1903(g)(1)(C) of such Act is amended by striking out "and who are not employed by" and by inserting ", or, except in the case of hospitals, employed by the institution" immediately after "any such institution".

Authority To Prescribe Standards Under Title XIX for Active Treatment of Mental Illness

(w) Section 1905(h)(1)(B) of such Act is amended by—

(1) striking out ", involves active treatment (i)" and inserting "(i) involve active treatment" in lieu thereof,

(2) striking out "pursuant to title XVIII", and

(3) striking out "(ii) which" and inserting "(ii)" in lieu thereof.

Correction of Erroneous Designations and Gross References

(x)(1) Section 1902(a)(13)(C) of such Act is amended by striking out "(14)" and inserting "(16)" in lieu thereof.

(2) Section 1902(a)(33)(A) of such Act is amended by striking out "last sentence" and inserting "penultimate sentence" in lieu thereof.

(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph (35) and inserting "; and" in lieu thereof; and

(B) redesignating paragraph (37) as paragraph (36).

(4) Sections 1902(a)(21), (24), and (26)(B), and the last sentence of section 1902(d), of such Act are each amended by striking out "nursing home" and "nursing homes" each time that they appear therein and inserting "nursing facility" and "nursing facilities", respectively, in lieu thereof.

(5) Section 1903(a) of such Act is amended by striking out "and section 1117" in the first parenthetical phrase.

(6) Section 1903(b) of such Act is amended by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(7) Section 1905(a)(16) of such Act is amended by striking out "under 21, as defined in subsection (e);" and inserting "under age 21, as defined in subsection (h); and" in lieu thereof.

(8) Section 1905(c) of such Act is amended by striking out "skilled nursing home" each time that it appears therein and inserting "skilled nursing facility" in lieu thereof.

(9) Section 1905 of such Act is amended by redesignating subsection (h) (which was enacted by section 299L(b) of the Social Security Amendments of 1972) as subsection (i).

(10) Section 1905(h)(2) is amended by striking out "(e)(1)" and inserting "(1)" in lieu thereof.

Deletion of Obsolete Provisions

(y)(1) Section 1903 of such Act is amended by—

(A) striking out subsection (c);

(B) striking out "(a), (b), and (c)" in subsection (d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking out everything after "section 1110(a)(8)" and inserting a period in lieu thereof.

(3) Section 1908 of such Act is amended by striking out the last sentence of subsection (d) and subsections (e) and (f), and redesignating subsection (g) as subsection (e).

Determination of Amount of Exclusion for Disapproved Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures in Certain Cases

(z–1) Section 1122(d)(2) of such Act is amended by striking out "include" the last time that it appears therein and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social Security Act

(z–2)(1) Title XI of the Social Security Act is amended—

(A) in section 1101(a)(1), by—

(i) striking out "I,", "X,", "XIV,", and "XVI,", and

(ii) by adding at the end of such section 1101 (a) the following new sentence: "In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.",

(B) in section 1115, by—

(i) inserting (in the matter preceding subsection (a)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)) "602," immediately after "402,", and

(iii) inserting (in subsection (b)) "603," immediately after "403,", and

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)(2)) "604," immediately after "404,",

(iii) inserting (in subsection (b)) "VI," immediately after "title I,", and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,".

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(z–3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 19. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:

"'SEC. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections.'."

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972 the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

SEC. 20. Section 203(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before April 1, 1974, and beginning after December 31, 1973 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof.".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the Senate amendment be dispensed with, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon that the House concur in the Senate amendment?

Mr. BROYHILL of Virginia. Mr. Speaker, reserving the right to object, and it is not my intention to object, but I do so for the purpose of yielding to the gentleman from Oregon (Mr. ULLMAN) for a brief explanation of the Senate amendment.

(Mr. ULLMAN asked and was given permission to revise and extend his remarks.)

Mr. ULLMAN. Mr. Speaker, last month this body passed H.R. 11333 providing increases in social security benefits and in the supplementary security income benefits. In order for these increases to become effective as quickly as possible, we urgently need to pass this bill providing a 7-percent increase in social security benefits in March and the remainder of an 11-percent benefit increase in June of next year cannot be maintained unless the bill becomes law this month.

The Senate amendment does not affect either the amount or time limit of these increases. They are changed in only one respect. You may recall that we provided for a "flat" 7-percent increase for March payable in April. This would not yield precisely the same amount of increase as the "refined" type of increase which has been made in the past and which the 11-percent increase in July would be. Since H.R. 11333 passed the House, the Social Security Administration has determined that a more refined benefit increase can be implemented in the April checks containing payments for March. This is provided for by a Senate amendment and it constitutes the only change in the benefit increase provision.

The provisions to increase benefits under the new supplemental security income program are the same as in the bill when it passed the House. The basic benefit is increased from $130 to $140 as of January 1 for an individual and from $195 to $210 for a couple. Further increases will occur in July to $146 for an individual and $219 for a couple. However, since it is now not possible for the supplemental security income benefits to be increased in the January 1 checks, a retroactive payment will be necessary.

Last April the House passed a technical amendments bill, H.R. 3153, making the technical amendments in Public Law 92–603, the Social Security Amendments of 1972. This covered omissions and incorrect cross references and similar changes. The Senate has recently passed H.R. 3153 and is now in conference but that conference will certainly have to carry over into the next session as many important substantive amendments were added by the Senate. The Senate has looked at the bill from the standpoint of those things which are related to different deadlines, most particularly, the establishment of the SSI program in January 1974. Many of the provisions, while technical in character are important to sound administration of that program. Provisions of this type which were included in H.R. 3153 have been added as Senate amendments to H.R. 11333. Insofar as the SSI program is concerned, they are primarily clarifications, corrections and items of the type included in the House version of that bill. Many of them are administration suggestions for more effective administration of the SSI program.

Under present law, individual determinations would have to be made in each State as to which of the new SSI recipients would be eligible for purchasing food stamps. The State welfare directors advise us that the provisions of the Agri-

culture bill are difficult, if not impossible to administer. The Senate accordingly added an amendment which provides that in those States which have specifically provided additional benefits to recipients to replace food stamps that the recipients will be ineligible as a group. In other States they will be eligible for a period of 6 months. This will give time to get the new program under way and for Congress to determine what it wishes to adopt with respect to food stamp eligibility among SSI recipients.

As you are aware, there is much controversy about the social service regulations which were issued by the Department of Health, Education, and Welfare and became effective on November 1, 1973. Since these are already causing a restriction of services and will do so increasingly in the months just ahead, the Senate amendment postpones the new regulations through the calendar year 1974.

In the medicare-medicaid area, also, only those amendments which had a time deadline and which are essentially noncontroversial are included in the Senate amendments. Some of them were in the original House-passed H.R. 3153 and were technical amendments to correct errors and facilitate the administration of the new supplemental security income program.

Let me summarize these amendments as follows:

First. The first amendment would coordinate the medicaid program with the new SSI program by permitting States to make eligible for medicaid those individuals eligible for SSI, requiring States to continue medicaid coverage of those individuals whose SSI benefits the State are now required to supplement to maintain December 1973 income levels, and permitting States to classify institutionalized individuals as eligible for medicaid even though the individual's income is above cash assistance levels, and the State does not have a medically needy program, provided that the individual's total income does not exceed 300 percent of the SSI benefit level.

Second. Present law provides that no Federal matching for adult assistance will be available where assistance is paid to a nursing home resident, where the nursing home care could be covered under medicaid. The amendment would extend this provision to the SSI program, which supersedes adult assistance beginning in January.

Third. Another amendment directs the Secretary of Health, Education, and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings. While the study is being undertaken by the Institute of Medicine in the National Academy of Sciences, certain provisions of section 227 of Public Law 92-603, limiting medicare reimbursements to medical centers for the services of teaching physicians on a fee-for-service basis, would be suspended until January 1975—with the Secretary permitted a further 6-month suspension. However, the suspension would not apply to those hospitals which are reimbursed on the more favorable cost basis under present law.

Fourth. Present law limits medicare reimbursement to the lesser of an institution's cost or charges to the general public effective January 1973. The amendment would postpone the effective date to January 1, 1974.

Fifth. Section 251 of Public Law 92-603, which details the approved means of reimbursing for the services of physical therapists under medicare, has an effective date of January 1, 1973. The amendment would postpone this effective date until the regulations have been issued.

Finally, the Senate added a temporary modification of the Federal-State Extended Unemployment Compensation Act which makes payments up to an additional 13 weeks to workers who have exhausted their entitlement to regular unemployment compensation. This amendment provides that States that have an insured unemployment rate of at least 4 percent may make payments under the extended unemployment compensation program without regard to a requirement in the permanent law that the insured unemployment rate in the State must be at least 20 percent higher than it was in a comparable period in the 2 prior years. This amendment would be effective for the first 3 months of 1974. It is expected that increasing unemployment will be a serious problem during this time and the Senate amendment will provide some relief in those States most seriously affected by increased unemployment.

Mr. BROYHILL of Virginia. Mr. Speaker, further reserving the right to object, it is my understanding that the bill as amended by the Senate, insofar as it relates to old age, survivors and disability insurance benefits, includes the House provisions relating to social security increases and increases in the new supplemental security income program that were the original provisions of H.R. 3153, as has been insisted, retains all of those provisions.

Second, the amendments that have been added by the Senate are—with a couple of unfortunate exceptions—technical amendments that will improve administration and have a favorable impact on costs. Most were requested or agreed to by the administration, and would be adopted by the House if they were offered as amendments.

Finally, the bill we have before us is the best compromise we could come up with if we expected to pass the social security increase bill before the end of this Congress, because the other body added many far-reaching controversial amendments, many of them hastily added on the floor, provisions that have not had any House consideration. In fact, we felt that the Senate was holding the social security increase bill as a hostage. This is repugnant to the Members of the House and is not good legislative procedure.

The members of the House Committee on Ways and Means requested the House conferees that we were not to agree to any significant amendment that had not been considered originally by the House Committee on Ways and Means, and to give the House Committee on Ways and Means an opportunity to consider those amendments.

We arrived at a compromise. I think it is the best compromise we could come up with. I believe that most of these amendments are good and reasonable amendments. My main concern relates to the supervision of the new regulations on social services.

Mr. Speaker, the provision requiring the former social service regulations to be made applicable for the period from November 1 of this year through December 31 of 1974—a 14-month period—is a mistake. The Department of Health, Education, and Welfare promulgated on November 1 of this year new regulations which were carefully worked out over a long period of time and with consultation with the Congress. These new regulations will now be inoperative for a period of at least 14 months.

The purpose of social services is to prevent people from going on welfare and to enable people who are currently on welfare to become self-sufficient. With our growing welfare costs, we should use the limited amount available for social services to achieve the goal of reducing welfare dependency—a goal which all Americans agree should have a high priority.

Under the old regulations, social services are loosely defined, and may be made available to individuals who may be likely to come on the welfare rolls within a 5-year period, without regard to an income test. Under these regulations, the States have utilized social services money for expenses that bear only the remotest relationship to keeping people off welfare or reducing the present rolls. The regulations now in effect, which will be suspended by this act, circumscribe this latitude by requiring that the individuals be likely to come on the welfare rolls within 6 months, and that their income not be more than 150 percent of the State standard for public assistance.

Additionally, the old regulations permit social services to continue 2 years after an individual leaves the public assistance rolls while the new regulations confine this period to 3 months. There are other features of the new regulations that marshal our limited resources for social services to meet the objective of the program of reducing welfare and dependency. The old regulations are much less appropriate to achieve this end.

The new regulations went through a long period of gestation during which significant changes were made by HEW to accommodate criticisms and the viewpoint of Congress on at least four different occasions. The regulations have now been in effect since November 1, or nearly a 2-month period. The action we are taking here represents a major change that will cause confusion in this program, and yet, no hearings have been held on this proposal, the Ways and Means Committee has not even considered it, nor has the House had an opportunity to evaluate it. This is not only poor policy, but poor procedure.

I do feel, however, that even under the old regulations, the Department of

Health, Education, and Welfare has discretion to administer the program much more tightly than they have in the past, both in determining what constitutes a social service and in determining who is likely to be a welfare beneficiary. They have the authority to exercise their discretion to achieve the objectives of the social services program—to reduce welfare dependency. I believe it is perfectly consistent with the social services program and the legislative history in regard to this program in recent years to tighten up their administration under the old regulations as expeditiously as possible, and I urge them to do so.

The SPEAKER. Is there objection to the request of the gentleman from Oregon.

Mr. BRINKLEY. Mr. Speaker, reserving the right to object, and I shall not object, I should like to ask the chairman a couple of questions under our reservation pertaining to H.R. 1, adopted in the 92d Congress and which contained the supplemental security income provisions. There is a school of thought in my State of Georgia that there is a deficiency concerning future admittees into nursing homes. It is my further understanding that there is a Senate amendment which attempts to take care of certain of those problems relating to the nursing home industry.

While there is a grandfather clause which takes care of the nursing home patients presently in nursing homes, unless there are certain State supplements, future people who need to go into these homes might be penalized. I just wonder if the gentleman can tell me if that question is still in conference.

Mr. ULLMAN. If the gentleman will yield, let me explain that the conference is still very much alive on the other bill.

There are a number of matters that Members are interested in attached to that bill by the other body that we will be taking up in the next session. The matter the gentleman specifically refers to, however, was one of the amendments that we did accept and it is incorporated in this bill. It would coordinate the medicaid program with the new SSI program by permitting States to make eligible for medicaid those individuals eligible for SSI, requiring States to continue medicaid coverage of those individuals whose SSI benefits the States are now required to supplement to maintain December 1973 income levels, and permitting States to classify institutionalized individuals as eligible for medicaid even though the individual's income is above cash assistance levels, where the State does not have a medically needy program, provided that the individual's total income does not exceed 300 percent of the SSI benefit level.

Mr. BRINKLEY. Mr. Speaker, I thank the gentleman and I withdraw my reservation of objection.

Mr. KAZEN. Mr. Speaker, reserving the right to object, I wonder if I heard the acting chairman correctly awhile ago on the SSI program being deferred for 6 months. The gentleman did not mean to say that the program itself was being deferred but that the procedure that was required of the States would be deferred for 6 months; am I correct?

Mr. ULLMAN. If the gentleman will yield, this is only with reference to the food stamps, and I know that is what the gentleman is interested in, we merely delay for 6 months the implementation of the new requirements, and as I indicated this would have the effect of allowing SSI recipients to receive food stamps in those States that have not specifically provided for cashing out their food stamps.

Mr. KAZEN. Mr. Speaker, I thank the gentleman and I withdraw my reservation of objection.

Mr. DRINAN. Mr. Speaker, reserving the right to object, I wonder if the acting chairman could answer this question. Many of us have been deeply concerned over a long period of time with extension of the medicare benefits to prescription drugs. Will the gentleman tell us when that might be forthcoming for a vote in the House?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield, as I said H.R. 3153 is still actively in conference. That is one of the amendments the Senate put on H.R. 3153 and one of the amendments that obviously we did not have time to deal with under the format and under the time considerations of the conference yesterday. But it is one of the matters we are very seriously going to look at early next year. In our meeting with the Members of the other body we assured them that this would certainly be a matter of early consideration in the forthcoming year by the committee.

Mr. DRINAN. Mr. Speaker, with all due respect to the committee, we had a colloquy almost precisely like this last Christmas time when a number of Members pressed this point and a commitment was made that in 1973 the question of prescription drugs under medicare would be reached. At least 160 Members of this House have cosponsored a bill. The gentleman from Wisconsin (Mr. OBEY) has sponsored that originally. I just want to make legislative history here that a number of us are very concerned. I wonder if the gentleman would speak further to the question when in 1974 this very valuable and needed extension might become law.

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield, let me say that during this past year I think the gentleman understands we have been beset by a great many difficult problems, and the illness of the chairman has also created additional problems, but it is the purpose certainly of this Member as acting chairman that the committee will go forward hopefully with a task group consideration of this matter early in the year. As the gentleman knows we have adopted some new procedures and I am sure that we can expect to look at this at the very earliest possible time.

Mr. DRINAN. Mr. Speaker, I thank the gentleman and I withdraw my reservation of objection.

[Mr. SEIBERLING addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I would just like to point out to the House that as I understand the explanation by the acting chairman of the Committee on Ways and Means, the conferees in concurring in the amendment of the other body which extends for 14 months the period during which the new and stricter HEW regulations on welfare cannot take effect, we are once again relaxing the welfare eligibility restrictions.

In a State such as mine, the State of Maryland, which now has the fourth highest welfare fraud and in eligibility rate in the United States, we badly need welfare reform. Now here in the House we are again caving in under pressure. I think the Members should understand that we are giving in to those who will not address themselves to welfare reform in this country.

Mr. BROYHILL of Virginia. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Mr. Speaker, I yield to the gentleman from Virginia.

Mr. BROYHILL of Virginia. Mr. Speaker, I think the gentleman from Maryland has made a very good point. However, this was the only proposal included that is clearly objectionable. If the gentleman had seen the other Senate provisions pending which were going to jeopardize the social security bill, he would agree with me that the House came up with a pretty good compromise in this bill. Certainly, the implementation of the current regulations would make the act more efficient.

Mr. BAUMAN. Mr. Speaker, I will just say that this may be the lesser of two evils but it is still evil.

I withdraw my reservation of objection.

Mr. PICKLE. Mr. Speaker, reserving the right to object, I would like to ask the acting chairman of the committee a question about the benefits extension.

As I read it, we are extending the benefits for 3 additional months. Is that correct?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield to me, 3 months is correct.

Mr. PICKLE. And this would apply, from the charts, to approximately 29 to 30 States?

Mr. ULLMAN. That is about right. Yes.

Mr. PICKLE. Is this money coming from the General Treasury or the unemployment trust fund which has been built up by contributions of employers throughout the United States?

Mr. ULLMAN. Federal and State unemployment tax. That is right.

Mr. PICKLE. The regular FUTA tax?

Mr. ULLMAN That is right.

Mr. PICKLE. That means that all the States will be paying for the unemployment of these 30 States?

Mr. ULLMAN. That of course, is the principle of the whole Extended Unemployment Compensation Act. There are always some States in and some States not in under the operation of the State trigger mechanism.

Mr. PICKLE. Mr. Speaker, it would seem to me that at this hour every year many of the States come in and get

these extensions. I do not want to question the need for some of these benefits, but this type of practice hurts the unemployment fund. If we are not careful and if we make this a general practice, we are going to get that fund in considerable difficulty.

Mr. Speaker, how much will this amendment cost that fund?

Mr. ULLMAN. Our best estimate is around $100 million.

Mr. PICKLE. This is $100 million extra in benefits?

Mr. ULLMAN. It could be considerably less depending, obviously, on the unemployment picture and the number of States that choose to participate. If we should go into more serious unemployment and all States that are eligible do participate, then we anticipate it

Mr. BROYHILL of Virginia. Mr. Speaker, the gentleman from Oregon said that the best guess is that the cost of this amendment would be approximately $100 million. That depends upon how many of the States would legislate and adopt an amendment with respect to the Unemployment Benefits Act.

So there may not be that much cost, as far as the amendment is concerned.

Mr. PICKLE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PRICE of Texas. Mr. Speaker, I support the compromise package which would increase benefits for both social security recipients and beneficiaries of Federal assistance to the elderly, blind and disabled persons. The bill as proposed would increase social security benefits by 7 percent effective next March and an additional 4 percent in June.

Mr. Speaker, I support this compromise since it will mean added buying power in the hands of those who will put the money to good use and those who are deserving of a decent standard of living, namely our senior citizens who have given of a lifetime of work for their children and for our Nation. Since those on fixed retirement incomes generally live on a month to month basis, these benefit increases will be plowed back into our economy thereby stimulating additional jobs and income for the working sector of the population.

Of all the many schemes and programs which have been devised by the Congress to alleviate poverty and to solve problems in our Nation, many of them very costly, wasteful, and cumbersome to administer, I believe the social security system is the best equipped to do the job—it places the money in the hands of those who need it at the least cost and confusion, and it insures that each citizen shall be responsible to provide for his or her own retirement through the social security tax system.

I feel that these increases are deserving because through no fault of their own wasteful Government spending has caused runaway inflation which has eroded the elderly persons savings and purchasing power. This is only right and just for those citizens who have contributed so much to our heritage.

I had hope that my bill would have been included in the social security package which would have eliminated entirely the amount of money a person over 65 could earn without the penalty.

Mr. DORN. Mr. Speaker, the social security benefits increase has my full support. The increase is needed now by our citizens in the golden years. During the holiday season it is especially fitting and proper, Mr. Speaker, that the Nation remember those who have given to the Nation a life of productive hard work and who now live in retirement. We must not forget them, and by voting this increase in social security benefits we demonstrate our commitment. Our citizens have paid into social security and the system is financially secure to guarantee this increase. Mr. Speaker, I fully support this bill and urge the House to approve it by overwhelming vote.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may be permitted to revise and extend my remarks and that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendment just considered.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

POINT OF ORDER

Mr. ANNUNZIO. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. ANNUNZIO. Mr. Speaker, was there not a vote taken on the last action?

The SPEAKER. No. The Chair will state to the gentleman that the action which was taken was to agree to the Senate amendment.

POINT OF ORDER

Mr. BAUMAN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. BAUMAN. Mr. Speaker, it was my undertsanding the gentleman from Maryland made an objection to the reading of the statement in lieu of the conference report.

The SPEAKER. The Chair will state to the gentleman that there was a reservation of objection made to the unanimous consent request of the gentleman from Oregon (Mr. ULLMAN) to take from the Speaker's desk the House bill with a Senate amendment thereto, and concur in the Senate amendment.

The Chair will further state that the Senate amendment has now been concurred in.

POINT OF ORDER

Mr. CHARLES H. WILSON of California. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I wish to make a demand for a rollcall vote. If we are not going to get a rollcall vote, I will make the point of order that a quorum is not present.

The SPEAKER. The Chair will state to the gentleman that his demand for a recorded vote comes too late.

PARLIAMENTARY INQUIRY

Mr. ANNUNZIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ANNUNZIO. Mr. Speaker, may I make a point of order, objecting to the last vote, on the ground that a quorum is not present?

The SPEAKER. The Chair will inform the gentleman that there has been much intervening business, as the gentleman knows, because the gentleman is an instructed and informed Member concerning the parliamentary rules of the House. The gentleman knows that there has been much business which has taken place.

CALL OF THE HOUSE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 718]

Addabbo	Frey	Podell
Alexander	Froehlich	Price, Tex.
Anderson, Calif.	Fulton	Quillen
	Fuqua	Rarick
Anderson, Ill.	Gettys	Reid
Andrews, N. Dak.	Gibbons	Riegle
	Gray	Roncallo, N.Y.
Arends	Griffiths	Rooney, N.Y.
Aspin	Gross	Rostenkowski
Bafalis	Grover	Rousselot
Bell	Gubser	Roybal
Biaggi	Hansen, Wash.	Ruppe
Boggs	Harrington	Ryan
Bolling	Harvey	Sarasin
Brooks	Hays	Scherle
Brown, Ohio	Hébert	Schneebeli
Broyhill, N.C.	Heinz	Sebelius
Burgener	Hillis	Shipley
Burke, Calif.	Holifield	Shoup
Burton	Holt	Shriver
Butler	Jarman	Sikes
Byron	Jones, Ala.	Sisk
Camp	Keating	Smith, Iowa
Chisholm	Kluczynski	Snyder
Clancy	Landrum	Stark
Clark	Leggett	Steed
Clay	Lehman	Steiger, Ariz.
Cleveland	Lott	Stephens
Collier	Lujan	Stubblefield
Collins, Ill.	Madden	Stuckey
Collins, Tex.	Madigan	Taylor, Mo.
Conyers	Mailliard	Van Deerlin
Corman	Martin, Nebr.	Veysey
Danielson	Michel, Ill.	Vigorito
Delaney	Mills, Ark.	Walsh
Dellenback	Minshall, Ohio	White
Dent	Moorhead, Pa.	Whitehurst
Devine	Moss	Wilson, Bob
Diggs	Murphy, N.Y.	Wilson, Charles, Tex.
Dulski	Nelsen	
Evins, Tenn.	Nichols	Wydler
Fraser	Peyser	Yates
Frelinghuysen	Poage	Zwach

The SPEAKER. On this rollcall 306 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

VACATING PROCEEDINGS WHEREBY SENATE AMENDMENTS WERE CONCURRED IN ON H.R. 11333

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent to vacate the proceedings of the House whereby the Senate amendment to H.R. 11333 was concurred in and a motion to reconsider laid on the table and that there be a record vote on the motion to concur.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

RECORDED VOTE

The SPEAKER. The question is on the Senate amendment.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 301, noes 13, not voting 118, as follows:

[Roll No. 719]

AYES—301

Abdnor	Diggs	Jones, Okla.
Abzug	Dingell	Jones, Tenn.
Adams	Donohue	Jordan
Alexander	Dorn	Karth
Andrews, N.C.	Downing	Kastenmeier
Annunzio	Drinan	Kazen
Ashbrook	Duncan	Kemp
Ashley	du Pont	Ketchum
Badillo	Eckhardt	King
Baker	Edwards, Ala.	Koch
Barrett	Edwards, Calif.	Kuykendall
Bauman	Eilberg	Kyros
Beard	Erlenborn	Latta
Bennett	Eshleman	Lent
Bergland	Evans, Colo.	Litton
Bevill	Fascell	Long, La.
Biester	Findley	Long, Md.
Bingham	Fish	McClory
Blatnik	Flood	McCloskey
Boland	Flowers	McCollister
Bowen	Flynt	McCormack
Brademas	Foley	McDade
Brasco	Ford, William D.	McEwen
Bray	Forsythe	McFall
Breaux	Fountain	McKay
Breckinridge	Fraser	McKinney
Brinkley	Frenzel	McSpadden
Broomfield	Gaydos	Macdonald
Brotzman	Gialmo	Mahon
Brown, Calif.	Gilman	Mallary
Brown, Mich.	Ginn	Mann
Brown, Ohio	Gonzalez	Maraziti
Broyhill, N.C.	Grasso	Martin, N.C.
Broyhill, Va.	Gray	Mathias, Calif.
Buchanan	Green, Oreg.	Mathis, Ga.
Burke, Fla.	Green, Pa.	Matsunaga
Burke, Mass.	Gude	Mayne
Burleson, Tex.	Gunter	Mazzoli
Burlison, Mo.	Guyer	Meeds
Carey, N.Y.	Haley	Melcher
Carter	Hamilton	Metcalfe
Casey, Tex.	Hammer-schmidt	Mezvinsky
Cederberg	Hanley	Milford
Chamberlain	Hanna	Miller
Chappell	Hanrahan	Minish
Chisholm	Hansen, Idaho	Mink
Clark	Harsha	Mitchell, Md.
Clausen, Don H.	Hastings	Mitchell, N.Y.
Clawson, Del	Hawkins	Mizell
Clay	Hechler, W. Va.	Moakley
Cochran	Heckler, Mass.	Mollohan
Cohen	Helstoski	Montgomery
Conable	Henderson	Moorhead, Calif.
Conlan	Hicks	Morgan
Conte	Hinshaw	Mosher
Cotter	Hogan	Murphy, Ill.
Coughlin	Holifield	Myers
Cronin	Holtzman	Natcher
Culver	Horton	Nedzi
Daniel, Dan	Hosmer	Nix
Daniel, Robert W., Jr.	Howard	Obey
Daniels, Dominick V.	Huber	O'Brien
Davis, Ga.	Hudnut	O'Hara
Davis, S.C.	Hungate	O'Neill
Davis, Wis.	Hunt	Owens
de la Garza	Hutchinson	Parris
Dellums	Ichord	Passman
Denholm	Johnson, Calif.	Patman
Derwinski	Johnson, Colo.	Patten
Dickinson	Johnson, Pa.	Pepper
	Jones, N.C.	Perkins
		Pettis
Pickle	Sarbanes	Towell, Nev.
Pike	Schroeder	Treen
Powell, Ohio	Seiberling	Udall
Preyer	Shipley	Ullman
Price, Ill.	Shuster	Vander Jagt
Pritchard	Skubitz	Vanik
Quie	Slack	Waggonner
Railsback	Smith, N.Y.	Waldie
Randall	Spence	Wampler
Rangel	Staggers	Ware
Rees	Stanton, J. William	Whalen
Regula	Stanton, James V.	Whitten
Reuss	Steele	Widnall
Rhodes	Steelman	Williams
Rinaldo	Steiger, Wis.	Wilson, Charles H., Calif.
Roberts	Stokes	Winn
Robinson, Va.	Stratton	Wolff
Robison, N.Y.	Stuckey	Wright
Rodino	Studds	Wyatt
Roe	Sullivan	Wylie
Rogers	Symington	Yatron
Roncallo, Wyo.	Talcott	Young, Alaska
Rooney, Pa.	Taylor, N.C.	Young, Fla.
Rose	Teague, Calif.	Young, Ga.
Rosenthal	Thompson, N.J.	Young, Ill.
Roush	Thomson, Wis.	Young, Tex.
Roy	Thone	Zablocki
Runnels	Thornton	Zion
Ruth	Tiernan	
St Germain		
Sandman		

NOES—13

Archer	Goldwater	Teague, Tex.
Blackburn	Goodling	Wiggins
Crane	Landgrebe	Young, S.C.
Dennis	Satterfield	
Fisher	Symms	

NOT VOTING—118

Addabbo	Fuqua	Rarick
Anderson, Calif.	Gettys	Reid
Anderson, Ill.	Gibbons	Riegle
Andrews, N. Dak.	Griffiths	Roncallo, N.Y.
Arends	Gross	Rooney, N.Y.
Armstrong	Grover	Rostenkowski
Aspin	Gubser	Rousselot
Bafalis	Hansen, Wash.	Roybal
Bell	Harrington	Ruppe
Biaggi	Harvey	Ryan
Blester	Hays	Sarasin
Boggs	Hébert	Scherle
Bolling	Heinz	Schneebeli
Brooks	Hillis	Sebelius
Burgener	Holt	Shoup
Burke, Calif.	Jarman	Shriver
Burton	Jones, Ala.	Sikes
Butler	Keating	Sisk
Byron	Kluczynski	Smith, Iowa
Camp	Landrum	Snyder
Carney, Ohio	Leggett	Stark
Clancy	Lehman	Steed
Cleveland	Lott	Steiger, Ariz.
Collier	Lujan	Stephens
Collins, Ill.	Madden	Stubblefield
Collins, Tex.	Madigan	Taylor, Mo.
Conyers	Mailliard	Van Deerlin
Corman	Martin, Nebr.	Veysey
Danielson	Michel	Vigorito
Delaney	Mills, Ark.	Walsh
Dellenback	Minshall, Ohio	White
Dent	Moorhead, Pa.	Whitehurst
Devine	Moss	Wilson, Bob
Dulski	Murphy, N.Y.	Wilson, Charles, Tex.
Esch	Nelsen	Wydler
Evins, Tenn.	Nichols	Wyman
Frelinghuysen	Peyser	Yates
Frey	Poage	Zwach
Froehlich	Podell	
Fulton	Price, Tex.	
	Quillen	

So the Senate amendment was concurred in.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.
Mr. Hays with Mr. Peyser.
Mr. Rooney of New York with Mr. Nelsen.
Mr. Rostenkowski with Mr. Frelinghuysen.
Mrs. Boggs with Mr. Roncallo of New York.
Mr. Kluczynski with Mr. Esch.
Mr. Moorhead of Pennsylvania with Mr. Minshall of Ohio.
Mr. Murphy of New York with Mr. Anderson of Illinois.
Mr. Dulski with Mr. Martin of Nebraska.
Mr. Fulton with Mrs. Holt.
Mr. Nichols with Mr. Bafalis.
Mr. Stark with Mr. Price of Texas.
Mr. Reid with Mr. Frey.
Mr. Stubblefield with Mr. Clancy.
Mr. Vigorito with Mr. Michel.
Mr. Yates with Mr. Andrews of North Dakota.
Mr. Madden with Mr. Froehlich.
Mr. Burton with Mr. Madigan
Mr. Biaggi with Mr. Bell.
Mr. Addabbo with Mr. Lujan.
Mrs. Griffiths with Mr. Grover.
Mrs. Hansen of Washington with Mr. Mailliard.
Mr. Harrington with Mr. Cleveland.
Mr. Lehman with Mr. Quillen.
Mr. Moss with Mr. Hillis.
Mr. Podell with Mr. Collier
Mr. Fuqua with Mr. Butler.
Mr. Dent with Mr. Gubser.
Mr. Delaney with Mr. Camp.
Mr. Corman with Mr. Collins of Texas.
Mr. Conyers with Mr. Van Deerlin.
Mr. Sikes with Mr. Dellenback.
Mr. Sisk with Mr. Heinz.
Mrs. Collins of Illinois with Mr. Leggett.
Mr. Anderson of California with Mr. Lott.
Mr. Brooks with Mr. Devine.
Mr. Stephens with Mr. Rousselot.
Mr. Ryan with Mr. Ruppe.
Mr. Gettys with Mr. Taylor of Missouri.
Mr. Byron with Mr. Shoup.
Mr. Steed with Mr. Walsh.
Mr. Danielson with Mr. Sarasin.
Mr. Roybal with Mr. Whitehurst.
Mr. Smith of Iowa with Mr. Bob Wilson.
Mr. Evins of Tennessee with Mr. Scherle.
Mr. Jones of Alabama with Mr. Wydler.
Mr. Riegle with Mr. Steiger of Arizona.
Mr. Mills of Arkansas with Mr. Schneebeli.
Mr. Rarick with Mr. Wyman.
Mr. Jarman with Mr. Sebelius.
Mr. Charles Wilson of Texas with Mr. Zwach.
Mr. White with Mr. Shriver.
Mr. Gibbons with Mr. Aspin.
Mr. Landrum with Mr. Snyder.
Mrs. Burke of California with Mr. Carney of Ohio.
Mr. Burgener with Mr. Keating.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Public Law 93-233
93rd Congress, H. R. 11333
December 31, 1973

An Act

87 STAT. 947

To provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Social security benefits, increase.

INTERIM COST-OF-LIVING INCREASES IN SOCIAL SECURITY BENEFITS

SECTION 1. (a) Section 201(a)(1) of Public Law 93-66 is amended by striking out "the percentage by which" and all that follows and inserting in lieu thereof the following: "7 per centum.". Ante, p. 152.

(b) Section 201(a)(2) of Public Law 93-66 is amended—

(1) by striking out "May 1974" each place it appears and inserting in lieu thereof "February 1974"; and

(2) by striking out "January 1975" each place it appears and inserting in lieu thereof "June 1974".

(c) Section 201(b) of Public Law 93-66 is amended to read as follows:

"(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that— 86 Stat. 412. 42 USC 415.

"(1) the amount of such increase shall be 7 per centum,

"(2) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(e) of such Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (2)(B) of such section 202(e), and 42 USC 402. 42 USC 423. 42 USC 415. 42 USC 402.

"(3) in the case of any individual entitled to monthly insurance benefits payable pursuant to section 202(f) of such Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), including such benefits based on a primary insurance amount determined under section 215(a)(3) of such Act as amended by this section, such increase shall be determined without regard to paragraph (3)(B) of such section 202(f).".

(d) Section 201(c)(2) of Public Law 93-66 is amended by striking out "May 1974" and inserting in lieu thereof "February 1974". Ante, p. 152.

(e) Section 201(d) of Public Law 93-66 is amended by striking out "December 1974" each place it appears and inserting in lieu thereof "May 1974".

(f) Section 202(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph: 81 Stat. 829.

"(7) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increased pursuant to any general benefit increase (as defined in section 215(i)(3)) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increase provided effective for March 1974, as though such redetermination had been made." 86 Stat. 1338. 42 USC 415.

26-324 (284) O

81 Stat. 830.
42 USC 402.

(g) Section 202(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of an individual entitled to monthly insurance benefits payable under this section for any month prior to January 1973 whose benefits were not redetermined under section 102(g) of

86 Stat. 1338.

the Social Security Amendments of 1972, such benefits shall not be redetermined pursuant to such section, but shall be increased pursuant

42 USC 415.

to any general benefit increase (as defined in section 215(i)(3) or any increase in benefits made under or pursuant to section 215(i), including for this purpose the increase provided effective for March 1974, as though such redetermination had been made."

86 Stat. 1333.

(h)(1) Section 215(a)(3) of the Social Security Act is amended by striking out "$8.50" and inserting in lieu thereof "$9.00".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after February 1974.

(i) In the case of an individual to whom monthly benefits are payable

53 Stat. 1362.
42 USC 401.

under title II of the Social Security Act for February 1974 (without the application of section 202(j)(1) or 223(b) of such Act), and

64 Stat. 487.
42 USC 402, 423.

to whom section 202(m) of such Act is applicable for such month, such section shall continue to be applicable to such benefits for the months of March through May 1974 for which such individual remains

86 Stat. 1338.

the only individual entitled to a monthly benefit on the basis of the wages and self-employment income of the deceased insured individual.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS.

86 Stat. 406.
42 USC 415.

SEC. 2. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (h)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
"	$16.20	$84.60		$76	$82.80	$140.80
$16.21	16.84	85.80	$77	78	85.20	142.00
16.85	17.60	87.00	79	80	87.60	146.20
17.61	18.40	89.40	81	81	89.20	149.60
18.41	19.24	91.80	82	83	101.10	161.70
19.25	20.00	92.90	84	85	103.20	164.80
20.01	20.64	94.60	86	87	105.10	167.70
20.65	21.28	93.20	88	89	103.20	169.20
21.29	21.88	93.10	90	90	103.80	169.40
21.89	22.28	89.60	91	92	110.80	164.20
22.29	22.68	101.40	93	94	112.80	163.00
22.69	23.03	103.00	95	96	114.40	171.60
23.09	23.44	104.80	97	97	116.80	174.80
23.45	23.73	103.70	98	99	118.80	177.80
23.77	24.20	103.80	100	101	120.80	181.20
24.21	24.80	110.20	102	102	122.80	183.80
24.81	25.60	112.10	103	104	124.80	183.80
25.01	25.49	114.20	105	105	123.80	160.20
25.49	25.92	116.00	107	107	128.80	193.20
25.93	25.40	117.20	108	109	130.20	193.40
25.41	25.94	119.70	110	113	132.00	193.40

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (e)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
$26.95	$27.46	$121.40	$114	$118	$134.80	$202.20
27.47	28.00	123.30	119	122	136.90	203.40
28.01	28.68	125.10	123	127	138.90	208.40
28.69	29.25	127.10	128	132	141.10	211.70
29.26	29.68	128.80	133	136	143.00	214.50
29.69	30.36	130.50	137	141	144.90	217.40
30.37	30.92	132.50	142	146	147.10	220.70
30.93	31.36	134.30	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	228.50
32.01	32.60	138.00	156	160	153.20	229.80
32.61	33.20	139.70	161	164	155.10	232.70
33.21	33.88	141.60	165	169	157.20	235.80
33.89	34.50	143.40	170	174	159.20	238.90
34.51	35.00	145.20	175	178	161.20	241.80
35.01	35.80	147.20	179	183	163.40	245.10
35.81	36.40	148.80	184	188	165.20	247.80
36.41	37.08	150.90	189	193	167.50	251.40
37.09	37.60	152.70	194	197	169.50	254.40
37.61	38.20	154.40	198	202	171.40	257.10
38.21	39.12	155.40	203	207	173.70	260.60
39.13	39.68	155.20	208	211	175.70	263.60
39.69	40.33	159.80	212	216	177.40	266.10
40.34	41.12	161.80	217	221	179.60	269.40
41.13	41.76	163.60	222	225	181.60	272.40
41.77	42.44	165.50	226	230	183.60	275.70
42.45	43.20	167.30	231	235	185.80	278.70
43.21	43.76	169.40	236	239	188.10	282.20
43.77	44.44	171.00	240	244	189.90	285.20
44.45	44.88	172.70	245	249	191.70	292.10
44.89	45.60	174.80	250	253	194.10	291.80
		176.60	254	258	196.10	302.60
		178.10	259	263	197.70	303.40
		180.20	264	267	200.10	313.10
		182.00	268	272	202.10	319.00
		183.90	273	277	204.20	324.80
		185.70	278	281	206.20	329.80
		187.50	282	286	208.20	335.40
		189.50	287	291	210.40	341.30
		191.10	292	295	212.20	345.90
		193.10	296	300	214.40	351.70
		194.90	301	305	216.40	357.60
		196.60	305	309	218.30	362.40
		198.60	310	314	220.50	368.20
		200.30	315	319	222.40	374.10
		202.00	320	323	224.30	378.80
		204.00	324	328	226.50	384.70
		205.80	329	333	228.50	390.50
		207.90	334	337	230.80	395.20
		209.40	338	342	232.50	401.00
		211.20	343	347	234.50	406.90
		213.30	348	351	236.80	411.50
		215.00	352	356	238.70	417.40
		217.00	357	361	240.90	423.30
		218.70	362	365	242.80	428.00
		220.40	366	370	244.70	433.80
		222.40	371	375	246.90	439.60
		224.20	376	379	248.90	444.50
		226.20	380	384	251.10	450.30
		227.80	385	389	252.90	456.10
		229.60	390	393	254.90	460.80
		231.60	394	398	257.10	466.70
		233.30	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.90	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		240.30	418	421	266.80	493.60
		242.20	422	426	268.90	499.40
		243.80	427	431	270.70	505.30
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.90	441	445	276.30	516.50

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$250.60	3443	3459	$278.20	$519.40
		252.80	451	464	280.30	521.70
		254.10	465	469	282.10	524.60
		255.80	460	464	284.00	527.50
		257.40	465	469	285.80	530.00
		259.40	469	473	288.00	532.60
		260.90	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.50	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.80	493	498	297.30	546.40
		269.70	497	501	299.40	549.30
		271.20	502	506	301.10	552.20
		272.90	507	510	303.00	554.60
		274.60	511	515	304.90	557.50
		276.40	516	520	306.90	560.20
		278.10	521	524	308.70	562.70
		279.80	525	529	310.60	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.90	539	543	316.30	573.90
		286.80	544	549	318.40	576.80
		288.40	549	553	320.20	579.60
		290.10	554	556	322.10	581.50
		291.50	557	560	323.60	583.90
		293.10	561	563	325.40	585.70
		294.60	564	567	327.10	588.00
		296.20	568	570	328.80	589.80
		297.60	571	574	330.40	592.00
		299.20	575	577	332.20	593.90
		300.60	578	581	333.70	596.10
		302.20	582	584	335.50	597.90
		303.60	585	589	337.00	600.20
		305.20	590	591	338.90	602.00
		306.80	592	595	340.60	604.40
		308.20	596	598	342.30	606.10
		309.80	599	602	343.90	608.60
		311.20	603	605	345.60	610.30
		312.80	606	609	347.30	612.30
		314.40	610	612	349.00	614.40
		315.80	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.80	621	623	354.00	620.60
		320.40	624	627	355.70	623.20
		321.80	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	645	649	365.90	640.20
		331.00	649	652	367.50	643.10
		332.60	653	656	369.30	645.00
		334.20	657	660	369.60	646.70
		334.10	661	665	370.90	649.10
		335.50	666	670	372.20	651.40
		336.80	671	675	373.60	653.70
		337.70	676	680	374.90	656.10
		338.90	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.80	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.90	670.00
		346.10	711	715	384.20	672.40
		347.30	716	720	385.60	674.70
		348.50	721	725	386.90	677.00
		349.70	726	730	388.20	679.40
		350.90	731	735	389.50	681.70
		352.10	736	740	390.90	684.00
		353.30	741	745	392.20	686.40
		354.50	746	750	393.50	688.70

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount effective for September 1972)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
"If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
"At least—	But not more than—		At least—	But not more than—		
		$355.50	$751	$755	$394.70	$690.70
		356.50	756	760	395.80	692.60
		357.50	761	765	396.90	694.60
		358.50	766	770	398.00	696.50
		359.50	771	775	399.10	698.50
		360.50	776	780	400.20	700.30
		361.50	781	785	401.30	702.30
		362.50	786	790	402.40	704.20
		363.50	791	795	403.50	706.20
		364.50	796	800	404.60	708.10
		365.50	801	805	405.80	710.10
		366.50	806	810	406.90	712.00
		367.50	811	815	408.00	714.00
		368.50	816	820	409.10	715.90
		369.50	821	825	410.20	717.90
		370.50	826	830	411.30	719.80
		371.50	831	835	412.40	721.80
		372.50	836	840	413.50	723.70
		373.50	841	845	414.60	725.70
		374.50	846	850	415.70	727.50
		375.50	851	855	416.90	729.50
		376.50	856	860	418.00	731.40
		377.50	861	865	419.10	733.40
		378.50	866	870	420.20	735.30
		379.50	871	875	421.30	737.30
		380.50	876	880	422.40	739.20
		381.50	881	885	423.50	741.20
		382.50	886	890	424.60	743.10
		383.50	891	895	425.70	745.10
		384.50	896	900	426.80	747.00
		385.50	901	905	428.00	749.00
		386.50	906	910	429.10	750.90
		387.50	911	915	430.20	752.90
		388.50	916	920	431.30	754.70
		389.50	921	925	432.40	756.70
		390.50	926	930	433.50	758.60
		391.50	931	935	434.60	760.60
		392.50	936	940	435.70	762.50
		393.50	941	945	436.80	764.50
		394.50	946	950	437.90	766.40
		395.50	951	955	439.10	768.40
		396.50	956	960	440.20	770.30
		397.50	961	965	441.30	772.30
		398.50	966	970	442.40	774.20
		399.50	971	975	443.50	776.20
		400.50	976	980	444.60	778.00
		401.50	981	985	445.70	780.00
		402.50	986	990	446.80	781.90
		403.50	991	995	447.90	783.90
		404.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.50
			1,006	1,010	451.00	789.30
			1,011	1,015	452.00	791.00
			1,016	1,020	453.00	792.80
			1,021	1,025	454.00	794.50
			1,026	1,030	455.00	796.30
			1,031	1,035	456.00	798.00
			1,036	1,040	457.00	799.80
			1,041	1,045	458.00	801.50
			1,046	1,050	459.00	803.30
			1,051	1,055	460.00	805.00
			1,056	1,060	461.00	806.80
			1,061	1,065	462.00	808.50
			1,066	1,070	463.00	810.30
			1,071	1,075	464.00	812.00
			1,076	1,080	465.00	813.80
			1,081	1,085	466.00	815.50
			1,086	1,090	467.00	817.30
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80."

Effective date.
86 Stat. 411.
42 USC 427, 428.
42 USC 415.

(b)(1) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out "$58.00" wherever it appears and inserting in lieu thereof "the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$29.00" wherever it appears and inserting in lieu thereof "the larger of $32.20 or the amount most recently established in lieu thereof under section 215(i)".

Repeal.
86 Stat. 412.

(2) Section 202(a)(4) of Public Law 92-336 is hereby repealed.

(c) The amendment made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202(i) of such Act in the case of deaths occurring after such month.

53 Stat. 1362.
42 USC 401.
74 Stat. 947; 85 Stat. 802.
86 Stat. 416.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 3. (a) Clause (i) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 in each year after 1974, or".

86 Stat. 412.
42 USC 415.

(b) Clause (ii) of section 215(i)(1)(B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year such a general benefit increase becomes effective; and".

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975", and by striking out "and to subparagraph (E) of this paragraph".

(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out "such base quarter" and inserting in lieu thereof "the base quarter in any year";

(2) by striking out "January of the next calendar year" and inserting in lieu thereof "June of such year"; and

(3) by striking out "(subject to subparagraph (E))".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and by striking out "(subject to subparagraph (E))".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

Post, p. 953.

(i) For purposes of section 203(f)(8), so much of section 215(i)(1)(B) as follows the semicolon, and section 230(a) of the Social Security Act, the increase in benefits provided by section 2 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

86 Stat. 417.
42 USC 430.

(j)(1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June". 86 Stat. 417. 42 Stat. 430.

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows: 86 Stat. 1342. 42 USC 403.

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).". 42 USC 415.

(2) Section 203(f)(8)(B) of such Act is amended by striking out "no later than August 15 of such year" and inserting in lieu thereof "within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year".

(3) Section 203(f)(8)(C) is amended by striking out "or providing a general benefit increase under this title (as defined in section 215(i)(3))".

SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 4. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973". Ante, p. 154.

(2) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b)(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752"; 86 Stat. 1466; Ante, p. 154.

(2) section 1611(a)(2)(A) and section 1611(b)(2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and 42 USC 1382.

(3) section 211(a)(1)(A) of Public Law 93-66 (as amended by subsection (a)(2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

INCREASE IN EARNINGS BASE

SEC. 5. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200". Ante, p. 153.

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

Ante, p. 453.

Effective date.

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

86 Stat. 419.
26 USC 3121.

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

Effective date.

(e) The amendments made by this section, except subsection (a)(4), shall apply only with respect to remuneration paid after, and taxable years beginning after, 1973. The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.

(f) The amendments made by this section to provisions of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92-336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93-66.

49 Stat. 620.
42 USC 1305.
68A Stat. 3.
26 USC 1 et seq.
86 Stat. 406.

CHANGES IN TAX SCHEDULES

Ante, p. 153.

SEC. 6. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

86 Stat. 1362.
26 USC 3101.

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.".

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following: 86 Stat. 1363. 26 USC 1401.

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.".

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.".

(c) The amendment made by subsection (b)(1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973. Effective date.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 7. (a) Section 201(b)(1) of the Social Security Act is amended by striking out "(E)" and all that follows down through 86 Stat. 1364. 42 USC 401.

"which wages" and inserting in lieu thereof the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

86 Stat. 1364.
42 USC 401.

(b) Section 201(b)(2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) as reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

Ante, p. 246.
86 Stat. 1329.
42 USC 401 note.
Ante, p. 221.
42 USC 1381.
42 USC 1382e.
Ante, p. 155.

SEC. 8. (a)(1) Section 3(e) of the Food Stamp Act of 1964 is amended effective only for the 6-month period beginning January 1, 1974 to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof: "For the 6-month period beginning January 1, 1974 no individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.".

Ante, p. 246.

(2) Section 3(b) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

(b)(1) Section 4(c) of Public Law 93-86 shall not be effective for the 6-month period beginning January 1, 1974.

86 Stat. 1492.
7 USC 1431.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92-603) shall not be effective for the 6-month period beginning January 1, 1974.

(3) For the 6-month period beginning January 1, 1974, no individual, who receives supplemental security income benefits under title

XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps. 86 Stat. 1465. 42 USC 1381. 42 USC 1382e. Ante, p. 155. 49 Stat. 774. 7 USC 612c. 68 Stat. 458. 7 USC 1431.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect. Ante, p. 956. 86 Stat. 1486. 42 USC 1382e note.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(e) The amendment made by subsection (d) shall be effective only for the 6-month period beginning January 1, 1974, except that such amendment shall not during such period, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps. Effective date.

INDIVIDUALS DEEMED TO BE DISABLED UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 9. Section 1614(a)(3) of the Social Security Act is amended— 86 Stat. 1471. 42 USC 1382c.

(1) by striking out the last sentence of subparagraph (A); and

(2) by inserting at the end thereof the following new subparagraph:

"(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.". 64 Stat. 555; 86 Stat. 1484. 42 USC 1351, 1381.

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING IN AID TO FAMILIES WITH DEPENDENT CHILDREN HOUSEHOLD

SEC. 10. (a) Section 212(a)(3)(A) of Public Law 93-66 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)". Ante, p. 155.

Ante, p. 155.

(b) Section 212(a)(3) of Public Law 93-66 is amended by adding at the end thereof the following new subparagraph:

Family total income regulations.

42 USC 601.

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973 income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

"(ii) The amount of the reduction (under clause (i)) of any individual's December 1973 income shall not be in an amount which would cause the supplementary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family, members of which were receiving aid under part A of title IV of the Social Security Act, and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act."

86 Stat. 1484, 1465.

42 USC 301, 1201, 1351, 1381.

CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 11. (a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

76 Stat. 192.

42 USC 1315.

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and

(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

86 Stat. 1465.

42 USC 1381 and note.

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan

approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973), 86 Stat. 1484, 1465.

the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project. 42 USC 301, 1201, 1351, 1381. 86 Stat. 1465. 42 USC 1381 and note.

(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act (or which is deemed, under section 212(d) of Public Law 93-66, to have entered into such an agreement), then, of the costs of any project of such State with respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall— Ante, p. 157.

(1) be paid, from time to time, to such State by the Secretary, and

(2) shall, for purposes of section 1616(d) of the Social Security Act and section 401 of the Social Security Amendments of 1972, be treated in like manner as if such non-Federal share were supplementary payments made by the Secretary on behalf of such State pursuant to such agreement. 86 Stat. 1474, 1485. 42 USC 1382e, 1382e note.

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 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. 42 USC 303, 602, 603, 803, 1203, 1353, 1383.

(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". 38 FR 10783.

(2) The provisions of subsection (a) shall not be applicable to any regulation relating to "limitations on total amount of Federal funds payable to States for services", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.55 of the regulations so proposed and published on May 1, 1973. There shall be deleted from subsection (d)(1) of such section 221.55 the phrase "(as defined under day care services for children)"; and, in lieu of the sentence contained in subsection (d)(5) of such section 221.55, there shall be inserted the following: "Services provided to a child who is under foster care in a foster family home (as defined in section 408 of the Social Security Act) or in a childcare institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed by such child because he is under foster care.". 38 FR 10787. 75 Stat. 76; 81 Stat. 880, 892. 42 USC 608.

(3) The provisions of subsection (a) shall not be applicable to any regulation relating to "rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam", if such regulation is identical to the provisions of section 221.56 of the regulations so proposed and published on May 1, 1973. 38 FR 10788.

(4) The provisions of subsection (a) shall not be construed to preclude the Secretary from making any modification in any regulation (described in subsection (a)) if such modification is technically necessary to take account of the enactment of section 301 or 302 of the Social Security Amendments of 1972.

86 Stat. 1465, 1478.

(c) Notwithstanding the provisions of section 553(d) of title 5, United States Code, any regulation described in subsection (b) may become effective upon the date of its publication in the Federal Register.

42 USC 1381 and note, 801 and note.

Publications in Federal Register.

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

80 Stat. 383.

Beneficiaries

SEC. 13. (a) (1) Section 1901 of the Social Security Act (as amended by Public Law 92-603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

79 Stat. 343.
42 USC 1396.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out "to administer the plan," and inserting in lieu thereof "to administer or to supervise the administration of the plan;" and by striking out "to supervise the administration of the plan" and inserting "to administer or to supervise the administration of the plan" in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to participate in the State plan program established under title XVI, or by the agency or agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI" in lieu thereof.

79 Stat. 334.
42 USC 1396a.
42 USC 1381.
42 USC 601.

(3) Section 1902(a)(10) of such Act is amended to read as follows:

"(10) provide—

"(A) for making medical assistance available to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;

42 USC 301, 1201, 1351, 1381, 601.

"(B) that the medical assistance made available to any individual described in clause (A)—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

"(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

"(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

"(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);". 42 USC 1396d. 42 USC 1395j. 42 USC 1395v.

(4) Section 1902(a)(13)(B) of such Act is amended by striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI" in lieu thereof. 81 Stat. 902. 42 USC 1396a. 42 USC 301, 1201, 1351, 1381, 601.

(5) Section 1902 (a)(14)(A) of such Act is amended by striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)" in lieu thereof. 86 Stat. 1381.

(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting "(other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A))" immediately after "with respect to individuals";

(B) inserting "and with respect to whom supplemental security income benefits are not being paid under title XVI" immediately after "any such State plan";

42 USC 1381.

(C) striking out "the one of such State plans which is appropriate" and inserting "the appropriate State plan, or the supplemental security income program under title XVI, as the case may be," in lieu thereof; and

(D) striking out "or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX".

79 Stat. 344.
42 USC 1396a.

(7) Section 1902(a)(17) of such Act is amended by—

(A) striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

42 USC 301, 1201, 1351, 1381, 601.

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI" in lieu thereof; and

(D) striking out "and amount of such aid or assistance under such plan" and inserting "such aid, assistance, or benefits" in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out "is blind or permanently and totally disabled" and inserting "(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program)" in lieu thereof.

(9) Section 1902(a)(20)(C) of such Act is amended by inserting ", section 603(a)(1)(A) (i) and (ii)," immediately after "section 3(a)(4)(A) (i) and (ii)".

42 USC 803.
42 USC 303.

86 Stat. 1381.
42 USC 1396a.

(10) Section 1902(f) of such Act is amended by—

(A) inserting "not eligible to participate in the State plan program established under title XVI" immediately after "State" the first time it appears therein;

(B) striking out "such individual's payment under title XVI" and inserting "any supplemental security income payment and State supplementary payment made with respect to such individual" in lieu thereof;

(C) striking out "as defined in section 213 of the Internal Revenue Code of 1954" and inserting "as recognized under State law" in lieu thereof; and

(D) inserting at the end thereof the following new sentences: "In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause

(10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection.". 86 Stat. 1465. 42 USC 1381.

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof. 79 Stat. 349. 42 USC 1396b. 42 USC 301, 1201, 1351, 1381, 601.

(12) Section 1903(f)(4) of such Act is amended to read as follows: 42 USC 1396b.

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

"(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

"(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

"(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1), 42 USC 1396a. 86 Stat. 1468. 42 USC 1382a. 42 USC 1382.

at the time of the provision of the medical assistance giving rise to such expenditure."

(13) The matter before clause (i) in section 1905(a) of such Act is amended by striking out "individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State 42 USC 1396d.

42 USC 301, 1201, 1351, 1381, 601.

approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof.

42 USC 1395d.

(14) Section 1905(a)(iv) of such Act is amended by inserting "with respect to States eligible to participate in the State plan program established under title XVI," at the end thereof.

(15) Section 1905(a)(v) of such Act is amended by striking out "or" and inserting "with respect to States eligible to participate in the State plan program established under title XVI," in lieu thereof.

(16) Section 1905(a)(vi) of such Act is amended by inserting "or" at the end thereof.

(17) Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

"(vii) blind or disabled as defined in section 1614, with respect to States not eligible to participate in the State plan program established under title XVI,".

(18) Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

"(j) 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), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

"(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93-66 shall not be considered supplemental security income benefits payable under title XVI.".

Ante, p. 154.

Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93-66

Ante, p. 159.

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93-66 is amended by—

(i) inserting "received or" immediately before "would", and

(ii) striking out "or" at the end thereof and inserting "and" in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out "was", and

(ii) striking out "need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility" and inserting "status as described in subparagraph (A), was included as an individual eligible" in lieu thereof.

Ante, p. 160.

(2) The first sentence of section 232 of Public Law 93-66 is amended by—

(A) striking out "(under the provisions of subparagraph (B) of such section)",

(B) striking out "to be a person described as being a person who 'would, if needy, be eligible for aid or assistance under any such State plan' in subparagraph (B)(i) of such section" and inserting "for purposes of title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act" in lieu thereof, and

42 USC 1396, 1382c.

(C) inserting ", and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)" before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual— 79 Stat. 343; 86 Stat. 1426. 42 USC 1396.

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93-66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were established without regard to paragraph (3)(A)(ii) of such section 212(a), and Ante, p. 155.

(2) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act. 86 Stat. 1465.

Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals who are eligible for such assistance under this subsection. 42 USC 1381.

Effective Dates

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 31, 1973. 42 USC 1396b.

PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 14. Section 1616 of the Social Security Act is amended by adding at the end thereof the following new subsection: 42 USC 1382e.

"(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approved under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX.".

PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

SEC. 15. (a)(1) Notwithstanding any other provision of law, the provisions of section 1861(b) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows: 42 USC 1395x.

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individuals covered under the insurance program established by this title.".

(2) Notwithstanding any other provision of law, the provisions of section 1832(a)(2)(B)(i) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if subclause II of such section read as follows:

86 Stat. 1406.
42 USC 1395k.

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and".

42 USC 1395x.

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

42 USC 1395.

Study.

(c)(1) The Secretary of Health, Education, and Welfare shall arrange for the conduct of a study or studies concerning (A) appropriate and equitable methods of reimbursement for physicians' services under titles XVIII and XIX of the Social Security Act in hospitals which have a teaching program approved as specified in section 1861(b)(6) of such Act, (B) the extent to which funds expended under such titles are supporting the training of medical specialties which are in excess supply, (C) how such funds could be expended in ways which support more rational distribution of physician manpower both geographically and by specialty, (D) the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates, and (E) the existing and appropriate role that part of such funds which are expended to meet in whole or in part the cost of salaries of interns and residents in teaching programs approved as specified in section 1861(b)(6) of such Act.

42 USC 1396.

Reports to congressional committees.

(2) The studies required by paragraph (1) shall be the subject of an interim report thereon submitted not later than December 1, 1974, and a final report not later than July 1, 1975. Such reports shall be submitted to the Secretary, the Committee on Finance of the Senate, and the Committee on Ways and Means of the House of Representatives, simultaneously.

(3) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(4) If the National Academy of Sciences is unwilling to conduct the studies required under this section, under such an arrangement with the Secretary, then the Secretary shall enter into a similar arrangement with other appropriate nonprofit private groups or associations under which such groups or associations shall conduct such studies and prepare and submit the reports thereon as provided in paragraph (2).

Analysis, submittal to congressional committees.

(5) The Social Security Administration shall study the interim report called for in paragraph (2) and shall submit its analysis of such interim report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 1, 1975. The Social Security Administration shall study and submit its analysis of the final report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by October 1, 1975.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to January 1, 1975, except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may, by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning after June 30, 1975. Effective dates.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

SEC. 16. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any provider of services on account of services provided by such hospital, skilled nursing facility, or home health agency shall be determined (for any period with respect to which the amendments made by section 233 of Public Law 92-603 would, except for the provisions of this section, be applicable) in like manner as if the date contained in the first and second sentences of subsection (f) of such section 233 were December 31, 1973, rather than December 31, 1972. 42 USC 701, 1395, 1396. 86 Stat. 1141.

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES

SEC. 17. (a) In the administration of title XVIII of the Social Security Act, the amount payable thereunder with respect to physical therapy and other services referred to in section 1861(v)(5)(A) of such Act (as added by section 151(c) of the Social Security Amendments of 1972) shall be determined (for the period with respect to which the amendment made by such section 151(c) would, except for the provisions of this section, be applicable) in like manner as if the "December 31, 1972", which appears in such subsection (d)(3) of such section 151, read "the month in which there are promulgated, by the Secretary of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act". 86 Stat. 1445. 42 USC 1395x.

CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

In General

Inclusion of All Wage Level Increases in Automatic Adjustment of Earnings Test

SEC. 18. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by— 86 Stat. 1341. 42 USC 403.

(1) striking out "contribution and benefit base" and inserting "exempt amount" in lieu thereof; and

(2) striking out "section 230(a)" and inserting "subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of Delayed Retirement

(b) Section 202(w) of such Act is amended by inserting at the end thereof the following new paragraph: 86 Stat. 1339. 42 USC 402.

"(5) If an individual's primary insurance amount is determined under paragraph (3) of section 215(a) and, as a result of this subsection, he would be entitled to a higher old-age insurance benefit if his primary insurance amount were determined under section 215(a) without regard to such paragraph, such individual's old-age insurance 86 Stat. 1333. 42 USC 415.

benefit based upon his primary insurance amount determined under such paragraph shall be increased by an amount equal to the difference between such benefit and the benefit to which he would be entitled if his primary insurance amount were determined under such section without regard to such paragraph."

Elimination of Benefits at Age 72 for Uninsured Individuals Receiving Supplemental Security Income Benefits

42 USC 428d.

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

86 Stat. 1465.
Ante, p. 154.
42 USC 1381.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

86 Stat. 1466.

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

86 Stat. 1484, 1465.
42 USC 301, 1201, 1351, 1381.

"(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973."

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

"(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,

"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by— 86 Stat. 1371.
42 USC 426.

(A) redesignating subsection (a)(1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and

(C) redesignating subsection (f) (as added by section 201 (b)(5) of the Social Security Amendments of 1972 and redesignated by section 299L of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5), and the term 'age 62' in sections" and inserting ", 202(e)(5)," in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "shall" and inserting "and the phrase 'before he attained age 60' in the matter following subparagraph (G) of section 202(f)(1) shall each" in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of such Act, as redesignated by this subsection, are each amended by striking out "(a)(2)" and inserting "b" in lieu thereof.

Initial Payments to Presumptively Disabled Individuals Unrecoverable Only if Individual Is Ineligible Because Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by inserting "solely because such individual is determined not to be disabled" immediately before the period at the end thereof. 86 Stat. 1475.
42 USC 1383.

Technical Correction of Limitation on Fiscal Liability of States for Optional Supplementation

(h)(1) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by— 86 Stat. 1485.
42 USC 1382e note.

(A) inserting ", other than fiscal year 1974," immediately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal year 1974 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures" immediately before the period of the end thereof.

(2) Section 401(c)(1) of such Act is amended by inserting "excluding" immediately before "expenditures authorized under section 1119". 86 Stat. 1487.

Modification of Transitional Administrative Provisions

86 Stat. 1487.
42 USC 1382e note.

(i) Section 402 of the Social Security Amendments of 1972 is amended by—

(1) striking out "XVI" the first time that it appears therein and inserting "VI" in lieu thereof;

(2) inserting "the third and fourth quarters in the fiscal year ending June 30, 1974, and" immediately after "with respect to expenditures for"; and

(3) inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of" immediately after "during such portion of".

Inclusion of Title VI in Limitation on Grants to States for Social Services

86 Stat. 945.
42 USC 1320b.

(j) Section 1130(a) of such Act is amended by inserting "603(a)(1)," immediately after "403(a)(3),".

Clarification of Coverage of Hospitalization for Dental Services

86 Stat. 1447.
42 USC 1395f.

(k)(1) Section 1814(a)(2)(E) of such Act (as amended by Public Law 92-603) is amended to read as follows:

"(E) in the case of inpatient hospital services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;".

(2) The last sentence of section 1814(a) is amended by striking out "or (D)" and inserting "(D), or (E)" in lieu thereof.

42 USC 1395y.

(3) Section 1862(a)(12) of such Act is amended by striking out "a dental procedure" and all that follows thereafter, and inserting "the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or" in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

42 USC 1395v.
Effective date.
86 Stat. 1381.
42 USC 1396a.
42 USC 1381.
42 USC 301, 1201, 1351.

(l) Section 1843(b) of such Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(f), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.".

Technical Improvement of Provisions Governing Disposition of HMO Savings

86 Stat. 1396.
42 USC 1395mm.

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out ", with the apportionment of savings being proportional to the losses absorbed and not yet offset".

Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by— 86 Stat. 1401. 42 USC 1395mm.

(1) inserting "of its premium rate or other charges" immediately after "portion";

(2) striking out "may" and inserting "shall";

(3) striking out "(i)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance".

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92-603) is amended by inserting "(or application was made on his behalf in the case of a deceased individual)" immediately after "he made application". 86 Stat. 1446. 42 USC 1396a.

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(35)(A) of such Act is amended by inserting "or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility" immediately after "intermediate care facility". 86 Stat. 1460. 42 USC 1396a.

Technical Modification of Extended Medicaid Eligibility for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as follows: 86 Stat. 1381. 42 USC 1396a.

"(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such aid because of increased hours of, or increased income from, employment, shall, while a member of such family is employed, remain eligible for assistance under the plan approved under this title (as though the family was receiving aid under the plan approved under part A of title IV) for 4 calendar months beginning with the month in which such family became ineligible for aid under the plan approved under part A of title IV because of income and resources or hours of work limitations contained in such plan.".

Limitation on Payments to States for Expenditures in Relation to Disabled Individuals Eligible for Medicare

(r)(1) Section 1903(a)(1) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals sixty-five years of age or older". 42 USC 1396b.

(2) Section 1903(b)(2) of such Act is amended by inserting "and disabled individuals entitled to hospital insurance benefits under title XVIII" immediately after "individuals aged 65 or over".

Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

79 Stat. 349; 86 Stat. 1414. 42 USC 1396b.

(s) Section 1903(a)(4) of such Act is amended by striking out "sums expended" and inserting "sums expended with respect to costs incurred" in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out "(as found necessary by the Secretary for the proper and efficient administration of the plan)".

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting ", other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)" immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

86 Stat. 1379.

(v) Section 1903(g)(1)(C) of such Act is amended by striking out "and who are not employed by" and by inserting "or, except in the case of hospitals, employed by the institution" immediately after "any such institution".

Authority To Prescribe Standards Under Title XIX for Active Treatment of Mental Illness

86 Stat. 1461. 42 USC 1396d.

(w) Section 1905(h)(1)(B) of such Act is amended by—

(1) striking out ", involves active treatment (i)" and inserting "(i) involve active treatment" in lieu thereof,

(2) striking out "pursuant to title XVIII", and

(3) striking out "(ii) which" and inserting "(ii)" in lieu thereof.

Correction of Erroneous Designations and Cross References

79 Stat. 344. 42 USC 1396a.

(x)(1) Section 1902(a)(13)(C) of such Act is amended by striking out "(14)" and inserting "(16)" in lieu thereof.

(2) Section 1902(a)(33)(A) of such Act is amended by striking out "last sentence" and inserting "penultimate sentence" in lieu thereof.

(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph (35) and inserting "; and" in lieu thereof; and

(B) redesignating paragraph (37) as paragraph (36).

(4) Sections 1902(a)(21), (24), and (26)(B), and the last sentence of section 1902(d), of such Act are each amended by striking out "nursing home" and "nursing homes" each time that they appear therein and inserting "nursing facility" and "nursing facilities", respectively, in lieu thereof.

79 Stat. 349.

(5) Section 1903(a) of such Act is amended by striking out "and section 1117" in the first parenthetical phrase.

(6) Section 1903(b) of such Act is amended by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(7) Section 1905(a)(16) of such Act is amended by striking out "under 21, as defined in subsection (e);" and inserting "under age 21, as defined in subsection (h); and" in lieu thereof. 86 Stat. 1460. 42 USC 1396d.

(8) Section 1905(c) of such Act is amended by striking out "skilled nursing home" each time that it appears therein and inserting "skilled nursing facility" in lieu thereof. 85 Stat. 809; 86 Stat. 1464.

(9) Section 1905 of such Act is amended by redesignating subsection (h) (which was enacted by section 299L(b) of the Social Security Amendments of 1972) as subsection (i).

(10) Section 1905(h)(2) is amended by striking out "(e)(1)" and inserting "(1)" in lieu thereof. 86 Stat. 1461.

Deletion of Obsolete Provisions

(y)(1) Section 1903 of such Act is amended by— 79 Stat. 349.

(A) striking out subsection (c); 42 USC 1396b.

(B) striking out "(a), (b), and (c)" in subsection (d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking out everything after "section 1110(a)(8)" and inserting a period in lieu thereof. 42 USC 1396d.

(3) Section 1908 of such Act is amended by striking out the last sentence of subsection (d) and subsections (e) and (f), and redesignating subsection (g) as subsection (e). 81 Stat. 908. 42 USC 1396g.

Determination of Amount of Exclusion for Disapproved Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein. 86 Stat. 1386. 42 USC 1320a-1.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures in Certain Cases

(z-1) Section 1122(d)(2) of such Act is amended by striking out "include" the last time that it appears therein and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social Security Act

(z-2)(1) Title XI of the Social Security Act is amended—

(A) in section 1101(a)(1), by— 42 USC 1301.

(i) striking out "I,", "X,", "XIV,", and "XVI,", and

(ii) by adding at the end of such section 1101(a) the following new sentence: "In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.", 42 USC 301, 1201, 1351, 1381. 86 Stat. 1465.

(B) in section 1115, by— 42 USC 1315.

(i) inserting (in the matter preceding subsection (a)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)) "602," immediately after "402,", and

(iii) inserting (in subsection (b)) "603," immediately after "403,", and

79 Stat. 419; 81 Stat. 917. 42 USC 1316.

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) "VI," immediately after "title I,",

(ii) inserting (in subsection (a)(3)) "604," immediately after "404,",

(iii) inserting (in subsection (b)) "VI," immediately after "title I,", and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,".

Effective date.

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(z–3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

42 USC 1395f.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 19. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

86 Stat. 1484. 25 USC 639.

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:

"'SEC. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such section.'."

42 USC 603.

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972, the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

86 Stat. 1465. 42 USC 1381.

42 USC 301, 1201, 1351, 1381.

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

SEC. 20. Section 203(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end

84 Stat. 709. 26 USC 3304 note.

thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before April 1, 1974, and beginning after December 31, 1973 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof.".

Approved December 31, 1973.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 93-627 (Comm. on Ways and Means).
CONGRESSIONAL RECORD, Vol. 119 (1973):
Nov. 13-15, considered and passed House.
Dec. 20, 21, considered and passed Senate, amended.
Dec. 21, House agreed to Senate amendment.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 10, No. 1 (1974):
Jan. 3, Presidential statement.

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FOR IMMEDIATE RELEASE JANUARY 3, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESENT

I have signed into law H.R. 11333, an extremely important, far-reaching measure. This new law will raise social security benefits for nearly 30 million Americans and will bring increased benefits to some 3.4 million aged, blind, and disabled persons who have started receiving new supplemental security income benefits this week.

Just 6 months ago I signed legislation which would have increased social security benefits almost 6 percent by next July to meet the rising cost of living. The bill I sign today will replace that increase in order to reflect more closely the rise in the cost of living since the last social security increase took effect in September of 1972.

The 11 percent increase provided by the new law will be accomplished in two steps. The first increase of 7 percent will begin in April of 1974, and a second increase of 4 percent will begin this coming July.

With these increases, social security benefits will have risen by 68.5 percent since this Administration took office nearly 5 years ago.

Protection against inflation for the aged, blind, and disabled is another very major consequence of this new law. These especially deserving people were transferred from the previous Federal-State public assistance program to the new Federal supplemental security income program on January 1. The bill I sign today will move up the benefit increase already scheduled to take effect for these recipients from July to January of 1974.

I am greatly pleased that many millions of Americans will enjoy an improved financial situation because of this legislation. To be sure, such gains cannot be made without a price, and in this instance the increases must be financed largely by an increase in the wage base on which social security payroll taxes are levied.

One provision included in this bill is most unfortunate. It would delay until December 31, 1974 the effective date of the social services regulations recently issued by the Secretary of Health,

Education, and Welfare. We in this Administration have worked hard to see that services are concentrated on those who are truly needy rather than permitting funds to be spent with little regard for genuine need. We have made considerable progress toward this goal and the new regulations were an important step in this progress. The postponement included in the new law will significantly impede this important thrust and could actually reduce the amount of day care, child care, and other services which can be provided for our poorest citizens.

In considering whether to sign this bill, I have weighed this reservation very carefully, even as I have considered carefully the impact of H.R. 11333 on payroll taxes for the average wage earner. In the end, however, I have been most deeply impressed by what this legislation can do to enhance the financial security of millions of Americans--especially our older citizens. Because I believe this advantage outweighs the disadvantages I have mentioned, I have signed H.R. 11333 into law.

# # #

Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 137 November 23, 1973

1973 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory
and Technical Employees

On November 15, the House of Representatives passed a bill, H. R. 11333, which would increase social security cash benefits and SSI payments, increase the contribution and benefit base, adjust the financing of the cash benefits and hospital insurance programs, and change the automatic adjustment provisions of present law. The House-passed provisions would be in lieu of several provisions which were enacted in July as part of P. L. 93-66 but which are not effective until 1974 such as: the 5.9 percent increase in social security benefits, effective for June; the increase in SSI payments, effective for July; and the increase in the contribution and benefit base to $12,600, effective for January.

The provisions in H. R. 11333 are as follows:

Cash Benefits

The bill would increase social security benefits, including special payments made to certain people age 72 and older, by 11 percent effective June 1974, with 7 percent of this amount payable for March 1974 through May 1974. The increase effective for March through May would be a "flat" increase--that is, a simple multiplication of the current monthly benefit amount for each beneficiary by 7 percent rather than the customary method of first increasing the primary insurance amount and then taking into account whether a beneficiary is receiving actuarially reduced benefits or is affected by the limitation on a widow's or widower's benefit or by some other technical requirement of the law. The 11-percent increase effective for June would be a normal benefit conversion and would be a conversion of the benefits payable in February 1974 (as if the "flat" 7-percent increase had not occurred). Enclosed is a table showing average benefits payable to selected categories of beneficiaries under the provisions of the bill.

Special minimum benefits would be increased under H. R. 11333, effective for March 1974. The bill would increase from $8.50 to $9 the amount payable for each year of coverage in excess of 10 years and up to 30 years of coverage. Thus, the highest special minimum would increase from $170 to $180 for workers with 30 or more years of coverage.

The bill would also change the provisions of present law relating to the automatic adjustment of benefits. The first possible automatic increase in benefits would be effective for June 1975 and would be based on the increase in the cost of living from the 2nd quarter of 1974 through the 1st quarter of 1975. Automatic increases in subsequent years would also be effective for the month of June and generally would be based on changes in the cost of living from 1st quarter to 1st quarter (rather than 2nd quarter to 2nd quarter, as under present law).

As under present law, the retirement test and the contribution and benefit base would still be automatically adjusted on a calendar year basis. The first automatic adjustments would be effective for 1975, and future automatic adjustments would be effective for the year following an automatic benefit increase.

Financing

The contribution and benefit base for 1974 would be increased to $13,200 rather than to $12,600 as under present law. There would be no change in the total contribution rates for the next several years but the percentage allocated to each of the funds would be adjusted. Enclosed is a table showing the proposed contribution rate schedules.

Supplemental Security Income

The bill would increase SSI payment levels from $130 to $140 per month for an individual and from $195 to $210 per month for a couple, effective for January 1974. In addition, SSI payment levels would be increased to $146 for an individual and $219 for a couple, effective for July 1974. (States providing supplementary payments will have the option of passing along the Federal SSI increase to recipients of supplementary payments. However, the bill makes no provision for raising States' adjusted payment levels as a means of relieving hold-harmless States of the cost of passing along the increase.)

The amount added to the SSI payment level on account of an "essential person" grandfathered in by a provision of P. L. 93-66 would be increased from the $65 amount in present law for January 1974 to $70 effective January and to $73 effective July 1974.

H. R. 11333 is now pending in the Senate, where it has been referred to the Finance Committee. On November 21, the Committee reported a bill to the Senate which includes increases in social security benefits and SSI payments along the lines of the provisions in H. R. 11333 (except that the 7-percent benefit increase would be effective for the month of enactment). The Finance Committee provisions are part of H. R. 3153, which, as passed by the House in April, would make certain technical changes in the law. However, the Finance Committee has added a large number of amendments--only some of which are social security related--to H. R. 3153. Favorable Senate action, at least so far as an increase in social security benefits and SSI payments, is expected soon.

We will keep you informed of future developments.

James B. Cardwell
Commissioner

Enclosures 2

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY H.R. 11333
AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS

Estimated effect of special benefit increase of 7%, effective March 1974 and the permanent 11% increase effective June 1974, on average monthly benefit amounts in current-payment status for selected beneficiary groups

Beneficiary Group	Average monthly amount		
	Before 7% increase	After 7% increase	After 11% increase
1. Average monthly family benefits:			
Retired worker alone (no dependents receiving benefits)	$162	$173	$181
Retired worker and aged wife, both receiving benefits	277	296	310
Disabled worker alone (no dependents receiving benefits)	179	191	199
Disabled worker, wife, and 1 or more children	363	388	403
Aged widow alone	158	169	177
Widowed mother and 2 children	390	417	433
2. Average monthly individual benefits:			
All retired workers (with or without dependents also receiving benefits)	167	178	186
All disabled workers (with or without dependents also receiving benefits)	184	197	206

CONTRIBUTION RATE SCHEDULES

Calendar Year	OASDI		HI		Total	
	Present Law	H.R. 11333	Present Law	H.R. 11333	Present Law	H.R. 11333
			Employer-employee, each			
1974-1977	4.85%	4.95%	1.00%	.90%	5.85%	5.85%
1978-1980	4.80	4.95	1.25	1.10	6.05	6.05
1981-1985	4.80	4.95	1.35	1.35	6.15	6.30
1986-1998	4.80	4.95	1.45	1.50	6.25	6.45
1999-2010	4.80	4.95	(1.45)	(1.50)	(6.25)	(6.45)
2011 &	5.85	5.95	(1.45)	(1.50)	(7.30)	(7.45)
			Self-employed			
1974-1977	7.0%	7.0%	1.00%	.90%	8.00%	7.90%
1978-1980	7.0	7.0	1.25	1.10	8.25	8.10
1981-1985	7.0	7.0	1.35	1.35	8.35	8.35
1986-1998	7.0	7.0	1.45	1.50	8.45	8.50
1999-2010	7.0	7.0	(1.45)	(1.50)	(8.45)	(8.50)
2011 &	7.0	7.0	(1.45)	(1.50)	(8.45)	(8.50)

Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 138 December 27, 1973

1973 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,
and Technical Employees

On December 21, the Congress passed and sent to the President H. R. 11333. The bill contains several social security provisions including provisions which would increase social security cash benefits and supplemental security income payments (in lieu of the increases enacted in July as a part of P. L. 93-66), provide additional financing for the cash benefits programs, and change the automatic adjustment provisions of present law. The bill cannot, of course, become law until the President signs it.

Final congressional action on H. R. 11333 came after a House-Senate conference committee met on another social security bill, H. R. 3153. The conference committee agreed to some provisions in H. R. 3153 and included them in H. R. 11333. We are advised that the conference committee will consider the remaining provisions of H. R. 3153 when the Congress returns in January.

Enclosed is a summary of the cash benefits, Medicare, supplemental security income, and selected Medicaid provisions of H. R. 11333. Also enclosed is a table showing average benefits payable to selected categories of social security beneficiaries under the provisions of the bill.

James B. Cardwell
Commissioner

Enclosures

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY H.R. 11333
AS PASSED BY THE CONGRESS

Estimated effect of special benefit increase of 7%, effective March 1974 and the permanent 11% increase effective June 1974, on average monthly benefit amounts in current-payment status for selected beneficiary groups

Beneficiary Group	Average monthly amount		
	Before 7% increase	After 7% increase	After 11% increase
1. Average monthly family benefits:			
Retired worker alone (no dependents receiving benefits)	$162	$174	$181
Retired worker and aged wife, both receiving benefits	277	297	310
Disabled worker alone (no dependents receiving benefits)	179	191	199
Disabled worker, wife, and 1 or more children	364	389	404
Aged widow alone	158	170	177
Widowed mother and 2 children	391	418	435
2. Average monthly individual benefits:			
All retired workers (with or without dependents also receiving benefits)	167	179	186
All disabled workers (with or without dependents also receiving benefits)	184	197	206

Office of the Actuary--Baltimore
December 26, 1973

SUMMARY OF THE PROVISIONS OF H.R. 11333

Social Security Cash Benefits Provisions

1. Increase in social security benefits--The bill would increase social security benefits, including special payments made to certain people age 72 and older, by 11 percent effective June 1974, with 7 percent of this amount payable for March 1974 through May 1974. The 7-percent increase effective for March would be a normal benefit conversion for all beneficiaries except widows and widowers whose benefit amount is limited because their deceased spouse received reduced benefits. However, the increase for these widows and widowers should not differ significantly from what would be payable under a normal benefit conversion. The 11-percent increase effective for June would be a normal benefit conversion for all beneficiaries, including widows and widowers.

2. Increase in the special minimum benefit--Special minimum benefits would be increased under H.R. 11333, effective for March 1974. The bill would increase from $8.50 to $9 the amount payable for each year of coverage in excess of 10 years and up to 30 years of coverage. Thus, the highest special minimum would increase from $170 to $180 for workers with 30 or more years of coverage.

3. Automatic adjustment provisions--The first possible automatic increase in benefits would be effective for June 1975 and would be based on the increase in the cost of living from the 2nd quarter of 1974 through the 1st quarter of 1975. Automatic increases in subsequent years would also be effective for the month of June and generally would be based on changes in the cost of living from 1st quarter to 1st quarter (rather than 2nd quarter to 2nd quarter, as under present law).

   As under present law, the retirement test and the contribution and benefit base would still be automatically adjusted on a calendar year basis. The first automatic adjustments would be effective for 1975, and future automatic adjustments would be effective for the year following an automatic benefit increase.

4. Suspension of Prouty benefit for supplemental security income recipients--Prouty beneficiaries eligible for supplemental security income would have their Prouty benefits suspended because of the receipt of supplemental security income payments. This provision will in effect continue the provision of present law which suspends Prouty benefits because of the receipt of public assistance.

5. Increase in certain cases of delayed retirement--Under present law, the special minimum primary insurance amount applies where it is higher than the primary insurance amount related to average monthly earnings. However, present law is not clear with respect to the applicability of the delayed retirement credit in some cases where the benefit amount related to average monthly earnings plus the delayed retirement credit is higher than the special minimum benefit. Under the bill benefits would be based on the special minimum primary insurance amount, specified in the law, but the dollar difference between the regular benefit with the delayed retirement credit and the special minimum would be added to a worker's special minimum benefit.

6. Automatic adjustment of the retirement test exempt amount--The bill would provide that the percentage rise in the retirement test exempt amount under the automatic increase provision will be measured from the last increase in the exempt amount rather than from the last increase in the tax base. This would assure that automatic increases in the exempt amount will be in proportion to all increases in wage levels.

7. Financing--The contribution and benefit base for 1974 would be increased to $13,200 rather than to $12,600 as under present law. Although there would be no change in the total contribution rates through 1980, the hospital insurance rates would be reduced and the cash benefits rates increased by a like amount. To improve the actuarial balance of the disability program a greater portion of the cash benefits rates would be allocated to the disability insurance trust fund. The contribution rate schedules under present law and the bill are as follows:

	OASDI		HI		Total	
Calendar Year	Present Law	H.R. 11333	Present Law	H.R. 11333	Present Law	H.R. 11333
			Employer-employee, each			
1974-1977	4.85%	4.95%	1.00%	.90%	5.85%	5.85%
1978-1980	4.80	4.95	1.25	1.10	6.05	6.05
1981-1985	4.80	4.95	1.35	1.35	6.15	6.30
1986-1998	4.80	4.95	1.45	1.50	6.25	6.45
1999-2010	4.80	4.95	(1.45)	(1.50)	(6.25)	(6.45)
2011 &	5.85	5.95	(1.45)	(1.50)	(7.30)	(7.45)
			Self-employed			
1974-1977	7.0%	7.0%	1.00%	.90%	8.00%	7.90%
1978-1980	7.0	7.0	1.25	1.10	8.25	8.10
1981-1985	7.0	7.0	1.35	1.35	8.35	8.35
1986-1998	7.0	7.0	1.45	1.50	8.45	8.50
1999-2010	7.0	7.0	(1.45)	(1.50)	(8.45)	(8.50)
2011 &	7.0	7.0	(1.45)	(1.50)	(8.45)	(8.50)

Medicare Provisions

1. Payment for supervisory physicians in teaching hospitals--An independent study and report will be made of all aspects related to payment for professional services in medical schools and teaching hospital settings. The provision in P.L. 92-603 which would make services of teaching physicians reimbursable on a cost rather than charge basis, except where a bona fide private patient relationship exists, would in most cases be deferred for at least 18 months. Therefore, established charge basis reimbursement provisions would remain in effect for accounting periods that begin after June 30, 1973, and and prior to January 1, 1975. If the Secretary determines that additional time is required to prepare the report, he may further postpone the effective date of the P.L. 92-603 provision for another six months.

2. Amount of payments where customary charges for services are less than reasonable cost--The provision delays the effective date of section 233 of P.L. 92-603, which limits Medicare reimbursement to providers to the lower of reasonable costs or customary charges from accounting periods beginning after December 31, 1972, to accounting periods beginning after December 31, 1973, with respect to hospitals, skilled nursing facilities, and home health agencies.

3. Physical therapy and other therapy services under Medicare--The provision delays, until accounting periods beginning after the month in which the Secretary of Health, Education, and Welfare issues final regulations, the effective date of section 251(c) of P.L. 92-603, which provides for salary-related reimbursement for certain physical therapy and other therapy services.

4. Additional technical amendments would:

   a. Clarify certification requirements where hospitalization is required in connection with noncovered dental procedures;

   b. Provide for continuation of State buy-in agreements under part B when the new SSI program goes into effect;

   c. Clarify disposition of savings realized by HMO's;

   d. Provide for HMO reimbursable costs to include certain reinsurance premiums required by State law;

   e. Provide that in case of disapproved capital expenditures by a provider reimbursed on a fixed fee or negotiated rate basis the Secretary will determine the amount to be withheld; and

   f. Correct clerical errors in the capital expenditure and Medicare for the disabled provisions.

Supplemental Security Income Provisions

1. Increase in payment levels--The bill would increase SSI payment levels from $130 to $140 per month for an individual and from $195 to $210 per month for a couple, effective for January 1974. The payment increase would be reflected in the checks received beginning with April 1974. In addition, SSI payment levels would be increased to $146 for an individual and $219 for a couple, effective for July 1974. (States providing supplementary payments will have the option of passing along the Federal SSI increase to recipients of supplementary payments. However, the bill makes no provision for raising States' adjusted payment levels as a means of relieving hold-harmless States of the cost of passing along the increase.)

   The amount added to the SSI payment level on account of an "essential person" grandfathered in by a provision of P.L. 93-66 would be increased from the $65 amount in present law for January 1974 to $70 effective January and to $73 effective July 1974.

2. Food stamp eligibility for SSI recipients--For the 6-month period beginning January 1974, the eligibility of SSI recipients for participation in the food stamp and surplus commodities programs will be determined as though P.L. 92-603 and P.L. 93-86 had not been enacted--that is, on the basis of the income and assets requirements of the programs. (P.L. 92-603 had prohibited participation by SSI recipients, and P.L. 93-86 had modified the provisions of P.L. 92-603 so as to relate food stamp eligibility to the amount of SSI benefits plus any State supplementary payment.) An important exclusion in the provision is that SSI recipients in those States which have included the bonus value of food stamps in determining their adjusted payment levels for purposes of State supplementation and which receive Federal funds would be ineligible for food stamps or surplus commodities. After June 1974 eligibility for food stamps will be determined under the provisions of P.L. 93-86. (However, it is anticipated that Congress will pass additional legislation.)

3. Grandfathering of persons on APTD rolls--Only persons who had received aid to the disabled before July 1973 and who were on the rolls in December 1973 would be grandfathered into the SSI program.

4. Special treatment of SSI recipients who live with AFDC families--As a result of provisions in P.L. 93-66 which were meant to guarantee that no person currently receiving payments under a State program would suffer a reduction in total income when the SSI program goes into effect, it is possible that in instances where an SSI recipient is also a member of a family unit receiving AFDC there could be a significant increase in assistance payable to the family unit. The

bill would remedy this situation by permitting a State to adjust any supplementary payment to maintain the same level of total family income rather than maintain the individual's total income. However, the SSI recipient would be assured at least as great a total income as a comparable aged, blind or disabled person not living with an AFDC family and having no other income.

5. Reduction in SSI payment by the amount of any State supplementary payment for institutional medical care--The provision would reduce the SSI payment to or on behalf of an individual by the amount of any State supplementary payment made to him for inpatient institutional care which could be provided under Medicaid.

6. Limitations on eligibility determinations under resources tests of State plans--The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973 will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. The provision of H.R. 11333 would remove the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously a resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 months will not be counted).

7. Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind--The SSI program includes a grandfather clause under which an individual who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. The provision of H.R. 11333 would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.

8. Waiver authority for demonstration projects--The provision would give the Secretary authority to dispense with any of the requirements of title XVI in order to continue current ongoing experimental or demonstration projects approved prior to October 1, 1973, which he finds appropriate.

9. Additional provisions would:

   a. Clarify that initial payments to a presumptively disabled individual are not recoverable only if the basis for later determining that the individual was not eligible for the payments is a determination that he is not disabled;

   b. Relate the limitation on the fiscal liability of a State for supplementary payments in fiscal year 1974 to one-half, rather than all, of the State's calendar year 1972 expenditures for assistance to the adult categories; and

   c. Expand the period during which the States must assist in implementation of the SSI program to include the second half of fiscal year 1974 as well as fiscal year 1975.

Selected Medicaid Provisions

Technical provisions relating to Medicaid-SSI eligibility would:

a. Correct a technical flaw in P.L. 92-603 to allow Federal matching under title XIX for persons eligible for SSI payments;

b. Give the States the option to extend Medicaid eligibility to people who receive only State optional supplementary payments; and

c. Require the States to continue Medicaid eligibility for individuals receiving mandatory State supplementary payments under P.L. 93-66 until such time as the person becomes ineligible for the mandatory supplement.

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