

# **AMENDMENTS TO THE SOCIAL SECURITY ACT 1973 – 1974 (INCLUDING SSI AMENDMENTS)**

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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

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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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## TECHNICAL AND CONFORMING CHANGES IN SOCIAL SECURITY ACT

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MARCH 20, 1973.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

### REPORT

[To accompany H.R. 3153]

The Committee on Ways and Means to whom was referred the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### BACKGROUND AND PURPOSE OF THE BILL

The purpose of your committee's bill is to enact into law certain technical and conforming changes in the Social Security Act which should have been included in the Conference report on H.R. 1 in the 92nd Congress—the Social Security Amendments of 1972, which became P.L. 92-603. The bill consists entirely of conforming changes that were omitted from the Conference report and in no way changes any decision of the Conferees, any information or summary provided when that report was approved, or any cost estimates provided.

Your committee's bill would make changes in cross references contained in Title II, Title XI, Title XVIII, and Title XIX of the Social Security Act to other Titles of the Act and to individual sections within those Titles and eliminate technical inconsistencies in the provisions of the Act.

Technical and conforming amendments similar to those contained in the bill were contained in H.R. 1 of the 92nd Congress when the legislation passed the House and the Senate. At the time the Conference Committee acted on that legislation, there was not sufficient time to modify these technical and conforming changes to reflect the many substantive changes in H.R. 1 which were agreed to by the Conference Committee. Consequently, when Public Law 92-603 was



enacted, it did not contain provisions making these conforming and technical changes. The erroneous cross references and technical inconsistencies in the Social Security Act which resulted from failure to include such provisions in the 1972 amendments would be corrected by the enactment of your committee's bill.

**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 of carrying out this bill.

The bill would not result in any additional cost in operating the programs administered under the Social Security Act.

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 record vote in the Committee on the motion to report the bill. The vote was unanimous for reporting the bill.

**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**

\* \* \* \* \*

**TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND  
DISABILITY INSURANCE BENEFITS**

\* \* \* \* \*

**BENEFITS AT AGE 72 FOR CERTAIN UNINSURED INDIVIDUALS**

**Eligibility**

**Sec. 238. (a) \* \* \***

\* \* \* \* \*

**Suspension for Months in Which Cash Payments Are Made Under  
Public Assistance**

(d) The benefit to which any individual is entitled under this section for any month shall not be paid for such month if—

(1) such individual receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or *supplemental security income benefits under title XVI (as in effect after December 31, 1973)*, or

(2) such individual's husband or wife receives such aid or assistance in such month, and under the State plan the needs of such individual were taken into account in determining eligibility for (or amount of) such aid or assistance, unless the State agency administering or supervising the administration of such plan notifies the Secretary, at such time and in such manner as may be prescribed in accordance with regulations of the Secretary, that such payments to such individual (or such individual's husband or wife) under such plan are being terminated with the payment or payments made in such month.

\* \* \* \* \*

## TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

### PART A—GENERAL PROVISIONS

#### DEFINITIONS

SECTION 1101. (a) When used in this Act—

(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles [I,] IV, V, VII, [X,] XI, [XIV, XVI,] and XIX, includes the Virgin Islands and Guam. Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands. *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.*

\* \* \* \* \*

#### AMOUNTS DISREGARDED NOT TO BE TAKEN INTO ACCOUNT IN DETERMINING ELIGIBILITY OF OTHER INDIVIDUALS

SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility of and amount of the aid or assistance for any individual under a State plan approved under title [I, X, XIV,] XVI or XIX, or part A of title IV, shall not be taken into consideration in determining the eligibility of and amount of aid or assistance for any other individual under a State plan approved under any other of such titles.

\* \* \* \* \*

#### PUBLIC ASSISTANCE PAYMENTS TO LEGAL REPRESENTATIVES

SEC. 1111. For purposes of title [I, X, XIV, , and] XVI, and Part A of title IV, payments on behalf of an individual made to another person who has been judicially appointed, under the law of the State in which such individual resides, as legal representative of such individual for the purpose of receiving and managing such payments (whether or not he is such individual's legal representative for other purposes), shall be regarded as money payments to such individual.

\* \* \* \* \*

DEMONSTRATION PROJECTS

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

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

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

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

ADMINISTRATIVE AND JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS

SEC. 1116. (a)(1) Whenever a State plan<sup>is</sup> submitted to the Secretary by a State for approval under title [I, X, XIV, XVI,] VI or XIX, or part A of title IV, he shall not later than 90 days after the date the plan is submitted to him, make a determination as to whether it conforms to the requirements for approval under such title. The 90-day period provided herein may be extended by written agreement of the Secretary and the affected State.

\* \* \* \* \*

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

\* \* \* \* \*

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

\* \* \* \* \*

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

\* \* \* \* \*

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOME OWNED  
BY RECIPIENT OF AID OR ASSISTANCE

SEC. 1119. In the case of an expenditure for repairing the home owned by an individual who is receiving [aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or] *aid or assistance under a State plan approved under XVI*, or part A of title IV if—

(1) the State agency or local agency administering the plan approved under such title has made a finding (prior to making such expenditure) that (A) such home is so defective that continued occupancy is unwarranted, (B) unless repairs are made to such home, rental quarters will be necessary for such individual, and (C) the cost of rental quarters to take care of the needs of such individual (including his spouse living with him in such home and any other individual whose needs were taken into account in determining the need of such individual) would exceed (over such time as the Secretary may specify) the cost of repairs needed to make such home habitable together with other costs attributable to continued occupancy of such home, and

(2) no such expenditures were made for repairing such home pursuant to any prior finding under this section, the amount paid to any such State for any quarter under section [3(a), 403(a), 1003(a), 1403(a), or 1603(a)] *403(a)* shall be increased by 50 per centum of such expenditures, except that the excess above \$500 expended with respect to any one home shall not be included in determining such expenditures.

\* \* \* \* \*

TITLE XVIII—HEALTH INSURANCE FOR THE AGED AND  
DISABLED

PART B—SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE  
AGED AND DISABLED

STATE AGREEMENTS FOR COVERAGE OF ELIGIBLE INDIVIDUALS WHO ARE  
RECEIVING MONEY PAYMENTS UNDER PUBLIC ASSISTANCE PROGRAMS  
(OR ARE ELIGIBLE FOR MEDICAL ASSISTANCE)

SEC. 1843. (a) The Secretary shall, at the request of a State made before January 1, 1970, enter into an agreement with such State pursuant to which all eligible individuals in either of the coverage groups described in subsection (b) (as specified in the agreement) will be enrolled under the program established by this part.

(b) An agreement entered into with any State pursuant to subsection (a) may be applicable to either of the following coverage groups:

(1) individuals receiving money payments under the plan of such State approved under title I or title XVI; or

(2) individuals receiving money payments under all of the plans of such State approved under titles I, X, XIV, and XVI, and part A of title IV. *Effective January 1, 1974, and subject to section 1902(e), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303(a) of the Social Security Amendments of 1972 and the amendments made to title XVI by section 301 of such Amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under part A of title IV, or supplementary security income benefits under title XVI (as in effect after December 31, 1973), or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX. The provisions of subsection (h)(2) of this section as in effect before the effective date of the repeal, and amendments referred to in the preceding sentence shall continue to apply with respect to individuals included in any such agreement after such date.*

Except as provided in subsection (g), there shall be excluded from any coverage group any individual who is entitled to monthly insurance benefits under title II or who is entitled to receive an annuity or pension under the Railroad Retirement Act of 1937.

(c) For purposes of this section, an individual shall be treated as an eligible individual only if he is an eligible individual (within the meaning of section 1836) on the date an agreement covering him is entered into under subsection (a) or he becomes an eligible individual (within the meaning of such section) at any time after such date; and he shall be treated as receiving money payments described in subsection (b) if he receives such payments for the month in which the agreement is entered into or any month thereafter.

(d) In the case of any individual enrolled pursuant to this section—

(1) the monthly premium to be paid by the State shall be determined under section 1839 (without any increase under subsection (c) thereof);

(2) his coverage period shall begin on whichever of the following is the latest.

(A) July 1, 1966;

(B) the first day of the third month following the month in which the State agreement is entered into;

(C) the first day of the first month in which he is both an eligible individual and a member of a coverage group specified in the agreement under this section; or

(D) such date as may be specified in the agreement; and

(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of whichever of the following first occurs:

(A) the month in which he is determined by the State agency to have become ineligible both for money payments of a kind specified in the agreement and (if there is in effect a modification entered into under subsection (h)) for medical assistance, or

[(B) the month preceding the first month for which he becomes entitled to monthly benefits under title II or to an annuity or pension under the Railroad Retirement Act of 1937.]

(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of any month in which he is determined by the State agency to have become ineligible for medical assistance.

\* \* \* \* \*

(f) With respect to eligible individuals receiving money payments under the plan of a State approved under title I, X, XIV, or XVI or part A of title IV, or receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973), or eligible to receive medical assistance under the plan of such State approved under title XIX, [if the agreement entered into under this section so provides,] the term "carrier" as defined in section 1842(f) also includes the State agency, specified in such agreement, which administers or supervises the administration of the plan of such State approved under title [I, XVI, or] XIX. The agreement shall also contain such provisions as will facilitate the financial transactions of the State and the carrier with respect to deductions, coinsurance, and otherwise, and as will lead to economy and efficiency of operation, with respect to [individuals receiving money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and] individuals eligible to receive medical assistance under the plan of the State approved under title XIX.

\* \* \* \* \*

TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

\* \* \* \* \*

APPROPRIATION

SEC. 1901. For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or [permanently and totally] disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for medical assistance.

STATE PLANS FOR MEDICAL ASSISTANCE

SEC. 1902. (a) \* \* \*

\* \* \* \* \*

(5) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged);

\* \* \* \* \*

(10) provide 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, or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for such medical assistance under the State plan or who would have been eligible for such medical assistance under the medical assistance standard as in effect on January 1, 1972 (except that in determining income for this purpose, expenses incurred for medical care must be deducted); 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] pursuant to subparagraph (B)(ii); 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 or who are individuals receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973) (which for the purposes of this subparagraph shall be considered to be a State plan) but who are not eligible under subparagraph (A), 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 or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for medical assistance under the 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] under clause (i) of this subparagraph 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;

\* \* \* \* \*

(13) provide—

(A) for inclusion of some institutional and some noninstitutional care and services, and

(B) in the case of individuals receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, *who are described in paragraph (10) with respect to whom medical assistance must be made available*, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and

\* \* \* \* \*

(14) effective January 1, 1973, provide that—

(A) in the case of individuals receiving aid or assistance under 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 *or, after December 31, 1973, are required to be covered under section 1902(a) (10)(A) or who meet the income and resources requirement as specified in such section*

(i) no enrollment fee, premium, or similar charge, and no deduction, cost sharing, or similar charge with respect to the care and services listed in clauses (1) through (5) and (7) of section 1905(a), will be imposed under the plan, and

(ii) any deduction, cost sharing, or similar charge imposed under the plan with respect to other care and services will be nominal in amount (as determined in accordance with standards approved by the Secretary and included in the plan), and

(B) with respect to 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 *or who, after December 31, 1973, are included under the State plan approved under title XIX pursuant to paragraph (10)(B)*, 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—

(i) there shall be imposed an enrollment fee, premium, or similar charge which (as determined in accordance with standards prescribed by the Secretary) is related to the individual's income, and



(ii) any deductible, cost-sharing, or similar charge imposed under the plan will be nominal;

\* \* \* \* \*

(17) include reasonable standards (which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan [who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV,] *other than those described in paragraph (10) with respect to whom medical assistance must be made available*, based on the variations between shelter costs in urban areas and in rural areas) for determining eligibility for and the extent of medical assistance under the plan which (A) are consistent with the objectives of this title, (B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient and (in the case of any applicant or recipient who would, if he met the requirements as to need, be eligible for aid or assistance in the form of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV) as would not be disregarded (or set aside for future needs) in determining his eligibility for and amount of such aid or assistance under such plan, (C) provide for reasonable evaluation of any such income or resources, and (D) do not take into account the financial responsibility of any individual for any applicant or recipient of assistance under the plan unless such applicant or recipient is such individual's spouse or such individual's child who is under age 21 or is blind or [permanently and totally] disabled; and provide for flexibility in the application of such standards with respect to income by taking into account except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or for any other type of remedial care recognized under State law;

(18) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, in the case of an individual who was 65 years of age or older when he received such assistance, from his estate, and then only after the death of his surviving spouse, if any, and only at a time when he has no surviving child who is under age 21 or is blind or [permanently and totally] disabled) of any medical assistance correctly paid on behalf of such individual under the plan;

\* \* \* \* \*

(20) if the State plan includes medical assistance in behalf of individuals 65 years of age or older who are patients in institutions for mental disease—

(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases, and, where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of

care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

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

(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services [referred to in section 3(a)(4)(A)(i) and (ii) or section 1603(a)(4)(A)(i) and (ii)] *which the State agency administering the plan approved under title XVI determines to make available or, after December 31, 1973, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available* which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

(D) provide methods of determining the reasonable cost of institutional care for such patients;

\* \* \* \* \*

(f) Notwithstanding any other provision of this title, except as provided in subsection (e), no State shall be required to provide medical assistance to any age, blind, or disabled individual (within the meaning of title XVI) for any month unless such State would be (or would have been) required to provide medical assistance to such individual for such month had its plan for medical assistance approved under this title and in effect on January 1, 1972, been in effect in such month, except that for this purpose any such individual shall be deemed eligible for medical assistance under such State plan if (in addition to meeting such other requirements as are or may be imposed under the State plan) the income of any such individual as determined in accordance with section 1903(f) (after deducting such individual's *supplemental security income payment under title XVI and payment under title XVI*, and incurred expenses for medical care as defined in section 213 of the Internal Revenue Code of 1954) is not in excess of the standard for medical assistance established under the State plans as in effect on January 1, 1972.

SEC. 1903. (a) From the sums appropriated therefor, the Secretary (except as otherwise provided in this section and section 1117) shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing January 1, 1966—

(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b), subject to subsections (g) and (h) of this section) of the total amount expended during such

quarter as medical assistance under the State plan (including expenditures for premiums under part B of title XVIII, for individuals who are recipients of ~~[[money payments]]~~ *aid or assistance* under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, *or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)*, and, except in the case of individuals sixty-five years of age or older who are not enrolled under part B of title XVIII, other insurance premiums for medical or any other type of remedial care or the cost thereof); plus

[(c)(1) If the Secretary finds, on the basis of satisfactory information furnished by a State, that the Federal medical assistance percentage for such State applicable to any quarter in the period beginning January 1, 1966, and ending with the close of June 30, 1969, is less than 105 per centum of the Federal share of medical expenditures by the State during the fiscal year ending June 30, 1965 (as determined under paragraph (2)), then 105 per centum of such Federal share shall be the Federal medical assistance percentage (instead of the percentage determined under section 1905 (b)) for such State for such quarter and each quarter thereafter occurring in such period and prior to the first quarter with respect to which such a finding is not applicable.

[(2) For purposes of paragraph (1), the Federal share of medical expenditures by a State during the fiscal year ending June 30, 1965, means the percentage which the excess of—

[(A) the total of the amounts determined under sections 3, 403, 1003, 1403, and 1603 with respect to expenditures by such State during such year as aid or assistance under its State plans approved under titles I, IV, X, XIV, and XVI, over

[(B) the total of the amounts which would have been determined under such sections with respect to such expenditures during such year if expenditures as aid or assistance in the form of medical or any other type of remedial care had not been counted, is of the total expenditures as aid or assistance in the form of medical or other type of remedial care under such plans during such year.]

\* \* \* \* \*

(f)(1) \* \* \*

\* \* \* \* \*

(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 who, at the time of the provision of the medical assistance giving rise to such expenditure—

(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, *or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)*, or

(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution.

\* \* \* \* \*

## DEFINITIONS

SEC. 1905. For purposes of this title—

(a) The term "medical assistance" means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance) for individuals, and, with respect to physicians' or dentists' services, at the option of the State, to 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, or *supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)*, who are—

- (i) under the age of 21,
- (ii) relatives specified in section 406(b)(1) with whom a child is living if such child, except for section 406(a)(2), is (or would, if needy, be) a dependent child under part A of title IV,
- (iii) 65 years of age or older,
- (iv) blind as defined in section 1614(a)(2),
- (v) 18 years of age or older and [permanently and totally disabled, or] disabled as defined in section 1614(a)(3), or
- (vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approved under title I, X, XIV, or XVI, or *supplemental security income benefits under title XVI (as in effect after December 31, 1973)*,

but whose income and resources are insufficient to meet all of such cost—

- (1) inpatient hospital services (other than services in an institution for tuberculosis or mental diseases);
- (2) outpatient hospital services;
- (3) other laboratory and X-ray services;
- (4) (A) Skilled nursing facility services (other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older; (B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary; 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;
- (5) physicians' services furnished by a physician (as defined in section 1861(r)(1)), whether furnished in the office, the patient's home, a hospital, or a skilled nursing facility, or elsewhere;
- (6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;
- (7) home health care services;
- (8) private duty nursing services;
- (9) clinic services;
- (10) dental services;

(11) physical therapy and related services:

(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;

(13) other diagnostic, screening, preventive, and rehabilitative services;

(14) inpatient hospital services, skilled nursing facility services and intermediate care facility services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases;

(15) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902 (a)(31) (A), to be in need of such care;

(16) effective January 1, 1973, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (e);

(17) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary; and except as otherwise provided in paragraph (1b), such term does not include—

(A) any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution): or

(B) any such payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.

For purposes of clause (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, [or XVI] or supplemental security income benefits under title XVI (as in effect after December 31, 1973)), and such person is determined, under such a State plan, to be essential to the well being of such individual.

\* \* \* \* \*

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93<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3153

[Report No. 93-81]

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 1973

Mr. MILLS of Arkansas (for himself and Mr. SCHNEEBELI) introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 20, 1973

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To amend the Social Security Act to make certain technical and conforming changes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       That section 228 (d) (1) of the Social Security Act is  
4       amended by inserting "or supplemental security income  
5       benefits under title XVI (as in effect after December 31,  
6       1973)," after "IV,".

7       SEC. 2. Title XI of the Social Security Act is amended—

8               (1) (A) by striking out "I," "X," "XIV," and  
9               "XVI," in section 1101 (a) (1), and

10              (B) by adding at the end of section 1101 (a) (1)  
11       the following new sentence: "In the case of Puerto Rico,

1 the Virgin Islands, and Guam, titles I, X, and XIV, and  
2 title XVI as in effect without regard to the amendment  
3 made by section 301 of the Social Security Amendments  
4 of 1972, shall continue to apply, and the term 'State'  
5 when used in such titles (but not in title XVI as in effect  
6 pursuant to such amendment after December 31, 1973)  
7 includes Puerto Rico, the Virgin Islands, and Guam.”;

8 (2) by striking out “I, X, XIV, XVI,” in section  
9 1109 and inserting in lieu thereof “XVI”;

10 (3) by striking out “I, X, XIV, and” in section  
11 1111;

12 (4) (A) by striking out “I, X, XIV, XVI,” in the  
13 matter preceding clause (a) in section 1115, and insert-  
14 ing in lieu thereof “VI, XVI,”

15 (B) by striking out “section 2, 402, 1002, 1402,  
16 1602, or” in clause (a) of such section and inserting  
17 in lieu thereof “title VI, part A of title IV, or section”,  
18 and

19 (C) by striking out “3, 403, 1003, 1403, 1603,”  
20 in clause (b) of such section and inserting in lieu  
21 thereof “403, 603,”;

22 (5) (A) by striking out “I, X, XIV, XVI,” in  
23 subsections (a) (1), (b), and (d) of section 1116,  
24 and inserting in lieu thereof “VI”, and

25 (B) by striking out “4, 404, 1004, 1404, 1604,”



1 in subsection (a) (3) of such section and inserting in  
2 lieu thereof "404, 604"; and

3 (6) (A) by striking out "aid or assistance, other  
4 than medical assistance to the aged, under a State plan  
5 approved under title I, X, XIV, or XVI, or" in  
6 section 1119 and inserting in lieu thereof "aid or  
7 assistance under a State plan approved under", and

8 (B) by striking out "3 (a), 403 (a), 1003 (a),  
9 1403 (a), or 1603 (a)" in such section and inserting  
10 in lieu thereof "403 (a)".

11 SEC. 3. (a) Section 1843 (b) (2) of the Social Security  
12 Act is amended by adding at the end thereof the following:  
13 "Effective January 1, 1974, and subject to section 1902 (e),  
14 the Secretary at the request of any State shall, notwithstand-  
15 ing the repeal of titles I, X, and XIV by section 303 (a) of  
16 the Social Security Amendments of 1972 and the amend-  
17 ments made to title XVI by section 301 of such amend-  
18 ments, continue in effect the agreement entered into under  
19 this section with such State insofar as it includes individuals  
20 who are eligible to receive benefits under part A of title IV,  
21 or supplementary security income benefits under title XVI  
22 (as in effect after December 31, 1973), or are otherwise  
23 eligible to receive medical assistance under the plan of such  
24 State approved under title XIX. The provisions of subsec-  
25 tion (h) (2) of this section as in effect before the effective

1 date of the repeals and amendments referred to in the pre-  
2 ceding sentence shall continue to apply with respect to in-  
3 dividuals included in any such agreement after such date.”

4 (b) Section 1843 (c) of such Act is amended by strik-  
5 ing out the semicolon and all that follows and inserting in  
6 lieu thereof a period.

7 (c) Section 1843 (d) (3) of such Act is amended to  
8 read as follows:

9 “(3) his coverage period attributable to the agree-  
10 ment with the State under this section shall end on the  
11 last day of any month in which he is determined by  
12 the State agency to have become ineligible for medical  
13 assistance.”

14 (d) Section 1843 (f) of such Act is amended—

15 (1) by inserting “or receiving supplemental secu-  
16 rity income benefits under title XVI (as in effect after  
17 December 31, 1973),” after “IV,”;

18 (2) by striking out “if the agreement entered into  
19 under this section so provides,”;

20 (3) by striking out “I, XVI, or”;

21 (4) by striking out “individuals receiving money  
22 payments under plans of the State approved under titles  
23 I, X, XIV, and XVI, and part A of title IV, and”.

24 SEC. 4. (a) Title XIX of the Social Security Act is  
25 amended—

1           (1) by striking out “permanently and totally” in  
2 clause (1) of the first sentence of section 1901;

3           (2) by striking out “, except that the determina-  
4 tion of eligibility for medical assistance under the plan  
5 shall be made by the State or local agency administering  
6 the State plan approved under title I or XVI (insofar as  
7 it relates to the aged)” in section 1902 (a) (5) ;

8           (3) (A) by inserting after “title IV” in section  
9 1902 (a) (10) the following: “, or who are receiving a  
10 supplemental security income payment under title XVI  
11 (as in effect after December 31, 1973) and who would,  
12 except for such payment, be eligible for such medical  
13 assistance under the State plan or who would have been  
14 eligible for such medical assistance under the medical  
15 assistance standard as in effect on January 1, 1972 (ex-  
16 cept that in determining income for this purpose, ex-  
17 penses incurred for medical care must be deducted)”;

18           (B) by striking out “not receiving aid or assistance  
19 under any such plan” in subparagraph (A) (ii) of such  
20 section and inserting in lieu thereof “pursuant to sub-  
21 paragraph (B) (ii)”,

22           (C) by inserting after “Secretary” in subparagraph  
23 (B) of such section “or who are individuals receiving  
24 supplemental security income benefits under title XVI  
25 (as in effect after December 31, 1973) (which for

1 the purposes of this subparagraph shall be considered  
2 to be a State plan) but who are not eligible under sub-  
3 paragraph (A)”,

4 (D) by inserting after “State plan” in subpara-  
5 graph (B) (i) of such section “or who are receiving a  
6 supplemental security income payment under title XVI  
7 (as in effect after December 31, 1973) and who would,  
8 except for such payment, be eligible for medical assist-  
9 ance under the State plan,” and

10 (E) by striking out “not receiving aid or assistance  
11 under any such State plan” in subparagraph (B) (ii)  
12 of such section and inserting in lieu thereof “under clause  
13 (i) of this subparagraph”;

14 (4) by inserting after “IV,” in section 1902 (a)  
15 (13) (B) the following: “who are described in para-  
16 graph (10) with respect to whom medical assistance  
17 must be made available,”;

18 (5) (A) by inserting after “appropriate,” in sec-  
19 tion 1902 (a) (14) (A) the following: “or, after De-  
20 cember 31, 1973, are required to be covered under sec-  
21 tion 1902 (a) (10) (A) or who meet the income and  
22 resources requirement as specified in such section,” and

23 (B) by inserting after “appropriate” in subpara-  
24 graph (B) of such section the following: “or who, after  
25 December 31, 1973, are included under the State plan

1 approved under title XIX pursuant to paragraph (10)  
2 (B),”;

3 (6) (A) by striking out “who are not receiving aid  
4 or assistance under the State’s plan approved under  
5 title I, X, XIV, or XVI, or part A of title IV,” in  
6 the portion of section 1902(a) (17) which precedes  
7 clause (A) and inserting in lieu thereof “other than  
8 those described in paragraph (10) with respect to whom  
9 medical assistance must be made available,” and

10 (B) by striking out “permanently and totally” in  
11 clause (D) of such section;

12 (7) by striking out “permanently and totally” in  
13 section 1902(a) (18) ;

14 (8) by striking out “referred to in section 3(a)  
15 (4) (A) (i) and (ii) or section 1603(a) (4) (A) (i)  
16 and (ii)” in section 1902(a) (20) (C) and inserting  
17 in lieu thereof “which the State agency administering  
18 the plan approved under title XVI determines to make  
19 available or, after December 31, 1973, which the agency  
20 administering the program of supplemental security in-  
21 come benefits under title XVI (as in effect after De-  
22 cember 31, 1973) determines to make available”;

23 (9) by striking out “money payments” in section  
24 1903(a) (1) and inserting in lieu thereof “aid or assist-  
25 ance”, and by inserting “, or supplemental security in-

1       come benefits under title XVI of such Act (as in effect  
2       after December 31, 1973),” in such section after “title  
3       IV”;

4             (10) by striking out section 1903 (c) ;

5             (11) by inserting after “title IV,” in section  
6       1903 (f) (4) (A) the following: “or supplemental se-  
7       curity income benefits under title XVI of such Act (as  
8       in effect after December 31, 1973),”; and

9             (12) (A) by inserting after “title IV,” in the mat-  
10       ter preceding clause (i) in section 1905 (a) the follow-  
11       ing: “or supplemental security income benefits under  
12       title XVI of such Act (as in effect after December 31,  
13       1973),”;

14            (B) by striking out clauses (iv) and (v) of such  
15       section and inserting in lieu thereof the following:

16               “(iv) blind as defined in section 1614 (a) (2),

17               “(v) 18 years of age or older and disabled as de-  
18       fined in section 1614 (a) (3), or”;

19            (C) by inserting after “XVI,” in clause (vi) of  
20       such section “or supplemental security income benefits  
21       under title XVI (as in effect after December 31,  
22       1973),”, and

23            (D) by striking out “or XVI” in the second  
24       sentence of such section and inserting in lieu thereof  
25       “, or supplemental security income benefits under title  
26       XVI (as in effect after December 31, 1973),”.

1       (b) Section 1902 (f) of such Act is amended by in-  
2       serting “supplemental security income payment under title  
3       XVI and” after “such individual’s.”

4       SEC. 5. The amendments made by this Act shall become  
5       effective January 1, 1974; except that such amendments  
6       (other than the amendment made by section 2 (1) (B) )  
7       shall not be applicable in the case of Puerto Rico, Guam,  
8       and the Virgin Islands.

Union Calendar No. 23

93<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 3153**

[Report No. 93-81]

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**A BILL**

To amend the Social Security Act to make certain technical and conforming changes.

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By Mr. MILLS of Arkansas and Mr. SCHNEEBELI

JANUARY 29, 1973

Referred to the Committee on Ways and Means

MARCH 20, 1973

Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed



TECHNICAL AND CONFORMING  
CHANGES IN SOCIAL SECURITY  
ACT

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 228(d)(1) of the Social Security Act is amended by inserting "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "IV."*

Sec. 2. Title XI of the Social Security Act is amended—

(1) (A) by striking out "I," "X," "XIV," and "XVI," in section 1101(a)(1), and

(B) by adding at the end of section 1101(a)(1) 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."

(2) by striking out "I, X, XIV, XVI," in section 1109 and inserting in lieu thereof "XVI";

(3) by striking out "I, X, XIV, and" in section 1111;

(4) (A) by striking out "I, X, XIV, XVI," in the matter preceding clause (a) in section 1116, and inserting in lieu thereof "VI, XVI,"

(B) by striking out "section 3, 403, 1003, 1403, 1603, or" in clause (a) of such section and inserting in lieu thereof "title VI, part A of title IV, or section"; and

(C) by striking out "3, 403, 1003, 1403, 1603," in clause (b) of such section and inserting in lieu thereof "403, 603";

(5) (A) by striking out "I, X, XIV, XVI," in subsections (a)(1), (b), and (d) of section 1116, and inserting in lieu thereof "VI," and

(B) by striking out "4, 404, 1004, 1404, 1604," in subsection (a)(3) of such section and inserting in lieu thereof "404, 604"; and

(6) (A) by striking out "aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or" in section 1119 and inserting in lieu thereof "aid or assistance under a State plan approved under", and

(B) by striking out "3(a), 403(a), 1003(a), 1403(a), or 1603(a)" in such section and inserting in lieu thereof "403(a)".

Sec. 3. (a) Section 1843(b)(2) of the Social Security Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(e), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303(a) of the Social Security Amendments of 1972 and the amendments made to title XVI by section 301 of such amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under part A of title IV, or supplementary security income benefits under title XVI (as in effect after December 31, 1973), or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX. The provisions of subsection (h)(2) of this section as in effect before the effective date of the repeals and amendments referred to in the preceding sentence shall continue to apply with respect to individuals included in any such agreement after such date."

(b) Section 1843(c) of such Act is amended by striking out the caption and all that follows and inserting in lieu thereof a period.

(c) Section 1843(d)(3) of such Act is amended to read as follows:

"(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of any month in which he is determined by the State agency to have become ineligible for medical assistance."

(d) Section 1843(f) of such Act is amended—

(1) by inserting "or receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "IV";

(2) by striking out "if the agreement entered into under this section so provides";

(3) by striking out "I, XVI, or"; and

(4) by striking out "individuals receiving money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and"

Sec. 4. (a) Title XIX of the Social Security Act is amended—

(1) by striking out "permanently and totally" in clause (1) of the first sentence of section 1901;

(2) by striking out "except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged)" in section 1902(a)(5);

(3) (A) by inserting after "title IV" in section 1902(a)(10) the following: "or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for such medical assistance under the State plan or who would have been eligible for such medical assistance under the medical assistance standard as in effect on January 1, 1972 (except that in determining income for this purpose, expenses incurred for medical care must be deducted)";

(B) by striking out "not receiving aid or assistance under any such plan" in subparagraph (A)(ii) of such section and inserting in lieu thereof "pursuant to subparagraph (B)(ii)";

(C) by inserting after "Secretary" in subparagraph (B) of such section "or who are individuals receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973) (which for the purposes of this subparagraph shall be considered to be a State plan) but who are not eligible under subparagraph (A)";

(D) by inserting after "State plan" in subparagraph (B)(i) of such section "or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for medical assistance under the State plan"; and

(E) by striking out "not receiving aid or assistance under any such State plan" in subparagraph (B)(ii) of such section and inserting in lieu thereof "under clause (1) of this subparagraph";

(4) by inserting after "IV," in section 1902(a)(13)(B) the following: "who are described in paragraph (10) with respect to whom medical assistance must be made available";

(5) (A) by inserting after "appropriate," in section 1902(a)(14)(A) the following: "or, after December 31, 1973, are required to be covered under section 1802(a)(10)(A) or who meet the income and resources requirement as specified in such section"; and

(B) by inserting after "appropriate" in subparagraph (B) of such section the following: "or who, after December 31, 1973, are included under the State plan approved un-

der title XIX pursuant to paragraph (10 (B)).";

(6) (A) by striking out "who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in the portion of section 1902(a) (17) which precedes clause (A) and inserting in lieu thereof "other than those described in paragraph (10) with respect to whom medical assistance must be made available," and

(B) by striking out "permanently and totally" in clause (D) of such section;

(7) by striking out "permanently and totally" in section 1902(a) (18);

(8) by striking out "referred to in section 9(a) (4) (A) (i) and (ii) or section 1603(a) (4) (A) (i) and (ii)" in section 1902(a) (20) (C) and inserting in lieu thereof "which the State agency administering the plan approved under title XVI determines to make available or, after December 31, 1973, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available";

(9) by striking out "money payments" in section 1903(a) (1) and inserting, in lieu thereof "aid or assistance", and by inserting "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)," in such section after "title IV";

(10) by striking out section 1903(c);

(11) by inserting after "title IV," in section 1903(f) (4) (A) the following: "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)."; and

(12) (A) by inserting after "title IV," in the matter preceding clause (i) in section 1905(a) the following: "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973).";

(B) by striking out clauses (iv) and (v) of such section and inserting in lieu thereof the following:

"(iv) blind as defined in section 1614(a) (2);

"(v) 18 years of age or older and disabled as defined in section 1614(a) (3), or,"

(C) by inserting after "XVI," in clause (vi) of such section "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)."; and

(D) by striking out "or XVI" in the second sentence of such section and inserting in lieu thereof "or supplemental security income benefits under title XVI (as in effect after December 31, 1973).";

(b) Section 1902(x) of such Act is amended by inserting "supplemental security income payment under title XVI and" after "such individuals."

Sec. 5. The amendments made by this Act shall become effective January 1, 1974; except that such amendments (other than the amendment made by section 3(1) (B)) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

The SPEAKER. Is a second demanded?

Mr. SCHNEEBELI. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the purpose of this bill is to enact into law certain technical and conforming changes in the Social Security Act which should have been included in the conference report on H.R. 1 in the 92d Congress—the Social Security Amendments of 1972, which became Public Law 92-603. The bill consists entirely of conforming changes that were omitted from the conference report and

in no way changes any decision of the conferees, any information or summary provided when that report was approved, or any cost estimates provided.

Technical and conforming amendments similar to those contained in H.R. 3153 were contained in H.R. 1 of the 92d Congress when the legislation passed the House and the Senate. At the time the conference committee acted on that legislation, there was not sufficient time to modify these technical and conforming changes to reflect the many substantive changes in H.R. 1 which were agreed to by the conference committee. Consequently, when Public Law 92-603 was enacted, it did not contain provisions making these conforming and technical changes. The erroneous cross references and technical inconsistencies in the Social Security Act which resulted from failure to include such provisions in the 1972 amendments would be corrected by the enactment of this bill.

The bill was reported unanimously by the Committee on Ways and Means and would not increase the cost of the programs administered under the Social Security Act.

Mr. Speaker, I urge the House to adopt this bill.

Mr. SCHNEEBELI. Mr. Speaker, I support H.R. 3153, a bill making technical corrections in our social security law.

The purpose of the bill is to correct erroneous cross references and technical inconsistencies in the Social Security Act. Similar technical and conforming amendments were contained in H.R. 1 in the 92d Congress when it was passed by the House and Senate. However, there was not time to modify these amendments in accordance with changes made by the conference committee, so they were not included in the legislation as enacted.

This bill would not make any substantive changes in the social security law but is concerned only with technical corrections. Accordingly, the bill would not result in any additional cost in operating the social security programs.

This legislation is needed in order to make the law technically accurate and more readable. There certainly is no controversy associated with this bill, and I recommend that it be passed by the House.

Mr. ULLMAN. Mr. Speaker, I yield to the gentleman from California (Mr. Burton).

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

Mr. BURTON. Mr. Speaker, it is inevitable that in the enacting of legislation as comprehensive as H.R. 1, there be some clarifying follow-on amendments.

However, I would like to note for the Record that, although I am certain it was unintended, the effect of one of these amendments is to reduce payments to the "Froutys"—some hundreds of thousands of the elderly who do not receive any other public pension. Apart from that one point, there is a clarifying question which I would like to ask the gentleman from Oregon (Mr. ULLMAN):

The question is this: In section 1905 there are enumerated six classes of per-

sons for whom the States may extend medicaid provisions. More particularly, in subsection V, section 1905(a), the old language of eligibility in terms of the requirement that one must be 18 years or older in addition to being disabled, has been picked up in this proposal.

My question is this: Am I not correct that the language in section 1905(a) (1) "under the age of 21" clearly countenances on its face that if a person is disabled, as is proposed and defined in section 1614(a) (3), if that disabled person so qualifying and otherwise eligible is under the age of 18, such a person is eligible for medicaid benefits if the State so determines under clause 1?

Mr. ULLMAN. I would say to the gentleman from California the answer is definitely "yes."

Mr. BURTON. I raise this point only to make it clear to the very few who read the Record on these kinds of proposals that there is no intention on our behalf to in any way preclude consideration of those eligible as disabled and under the age of 18 from being eligible for medicaid in the event the State decides to extend such a program to these persons.

Mr. ULLMAN. The gentleman is correct.

Mr. BURTON. I thank the gentleman.

Mr. ULLMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. Rostenkowski).

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

Mr. ROSTENKOWSKI. Mr. Speaker, on February 16, 1973, the Department of Health, Education, and Welfare published in the Federal Register its proposed changes in the regulations for funding and administration of the social services programs under title IVa of the Social Security Act.

These highly restrictive guidelines, if adopted, would establish a new policy which would virtually eliminate these social services and gravely cripple the governmental/private sector partnership in the delivery of such services.

Also, the new restrictive eligibility criteria, which narrowly defines who is a former or potential recipient of services, will exclude nearly all of the working poor from receiving services.

On March 14, 1973, I along with several of my Chicago colleagues, wrote to Secretary Weinberger concerning these new guidelines. In our letter we pointed out that, as written, the title IV guidelines would have the effect of forcing prior welfare recipients back on to the welfare rolls, and would prevent thousands of families from becoming self-supporting.

I am inserting a copy of this letter at this point in the Record:

MARCH 14, 1973.

HON. CASPAR W. WEINBERGER,  
Secretary, Department of Health, Education,  
and Welfare, Washington, D.C.

DEAR MR. SECRETARY: We the undersigned members of the Congressional Delegation from Chicago, respectfully suggest that the proposed 1974 Department of Health, Education, and Welfare guidelines for Title IV of the Social Security Act, as published in the Federal Register, February 16, 1973, would

be seriously detrimental to a large portion of the residents of our city.

We are particularly concerned with those sections of the guidelines which prohibit private funds or in-kind contributions from being included in the 25%/75% state-federal match for funding of social service programs. We are also of the opinion that the proposed eligibility standards would prevent more than half of the children now participating in Chicago Day Care programs from qualifying for services. As they are now written, the Title IV guidelines would have the effect of forcing prior welfare recipients back on to the welfare rolls, and would prevent thousands of families from becoming self-supporting.

We believe that it was the intent of the Congress that the \$2.5 billion limitation on Title IV programs imposed by section 1130 of the Social Security Act, be fully expended by allotment to the states. The restrictions placed upon Title IV by the 1974 HEW guidelines would make such expenditure impossible.

We respectfully suggest that new guidelines be drafted to comply with the intent of section 1130, and that specific attention be given to relaxing the eligibility requirements for recipients and to eliminating the 'no private matching' clause.

In closing, Mr. Secretary, we would be most anxious to meet with you, at your convenience, prior to the March 19, 1973 deadline set for finalization of the plan, in order to discuss with you the effects of these new guidelines on our city of Chicago. If this is at all possible, please let us know.

We thank you for your consideration, and with best regards we remain

Sincerely yours,

DAN ROSTENKOWSKI,  
JOHN C. KLUCZYNSKI,  
RALPH H. METCALFE,  
MORGAN F. MURPHY,  
SIDNEY R. YATES,

*Members of Congress.*

These guidelines were to take effect on March 19, 1973. It is my understanding that they are presently being rewritten. We can only hope for the best.

On March 28, 1973, I introduced H.R. 6275, a bill to limit the authority of the Secretary of Health, Education, and Welfare to impose, by regulations, certain additional restrictions upon the availability and use of Federal funds authorized for social services under the public assistance programs established by the Social Security Act. Essentially the bill would restore most of the services to those who received them prior to the introduction of the February 16 HEW title IVa guidelines.

I am inserting a copy of H.R. 6275 at this point in the RECORD.

H.R. 6275

A bill to limit the authority of the Secretary of Health, Education, and Welfare to impose, by regulations, certain additional restrictions upon the availability and use of Federal funds authorized for social services under the public assistance programs established by the Social Security Act

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—*

Sec. 2. (a) The regulations of the Secretary of Health, Education, and Welfare (relating to the administration of titles I, X, XIV, and XVI, and part A of title IV, of the Social Security Act) as in effect on January 1, 1973, shall remain in full force and effect insofar as such regulations relate to—

(1) the use of privately contributed funds and in-kind contributions as part of State expenditures, in determining (for purposes of

any such title or part A) the amount of the Federal contribution to which any State is entitled on account of expenditures incurred by the State for social services under a State plan approved under any such title or part A: *Provided*, That the Secretary may clarify requirements that such privately contributed funds be expended in accordance with a State plan.

(2) the authority of any State, under any such plan, to define the categories or classes of individuals who are eligible to receive such social services;

(3) the authority of any State, under any such plan, to include, as social services, drug and alcohol treatment programs, education and training services, and comprehensive service programs for children, the elderly, or the disabled (including such programs for mentally retarded children and adults);

(4) reporting requirements of States, under any such plan, with respect to the provision of social services; or

(5) the standards imposed, under any such plan, with respect to the provision, as social services, of day care services.

(b) No regulation, promulgated by the Secretary of Health, Education, and Welfare after January 1, 1973, shall have any force or effect, and any such regulation shall be invalid, if, and insofar as, such regulation is inconsistent with the provisions of subsection (a).

Mr. Speaker, on October 17, 1972, during the consideration of the conference report on H.R. 1, I was careful to point out that it was the intention of the Ways and Means Committee in formulating this legislation that no change be made in the regulations concerning "voluntary funds for social services for matching under title IVa of the Social Security Act."

I see that my good friend and colleague, the Honorable DON FRASER, is present here today. He has been one of the leaders in the House in attempting to change these highly restrictive proposed guidelines. I am sure that he will add to what I have already said.

Mr. ULLMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. VANIK).

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

Mr. VANIK. Mr. Speaker, today, I support H.R. 3153 which includes technical and conforming changes in the Social Security Act, but I serve notice now that I will never support changes in the medicare bill to conform to the President's proposal to saddle medicare beneficiaries with an increased contribution and burden if they require hospitalization and medical help.

Under the present law, a patient pays \$68 and medicare pays \$32 of a \$100 doctor bill. Under the President's proposal, the patient would pay \$88.75 and medicare would pay only \$11.25. On a \$200 bill, the patient now pays \$88 and medicare pays \$112. Under the President's proposal, the patient would pay \$113.73 and medicare \$86.25.

The situation with respect to hospital bills is much the same. At present, seniors pay, on the average, \$72 toward the first day's cost of hospitalization. Thereafter they pay nothing until after the 61st day of hospitalization. At that point, they pay \$13 a day for the next 30 days and \$26 a day for the next 60.

Under the Nixon proposals, our seniors

will pay the full costs for the first day of hospitalization. This will be substantially higher than \$72 paid at present. In addition, seniors will be required to pay 10 percent of all costs after that.

Following is a specific description of the change by which President Nixon seeks to increase patient payment for medical and hospital service:

*Present system for hospital coverage*

Days in hospital:	Patient pays
1st day-----	\$72
2d to 60th day-----	0
61st to 90th day-----	18
91st to 150th day-----	36

NIXON BUDGET PLAN FOR HOSPITAL COVERAGE

First day in hospital, patient pays total cost.

Second to 150th day in hospital, patient pays 10 percent of cost.

*PRESENT SYSTEM OF PHYSICIAN COVERAGE*

The patient pays the first \$60 and 20 percent of the rest of his doctor bills each year.

NIXON BUDGET PLAN FOR PHYSICIAN COVERAGE

The patient would pay the first \$35 and 25 percent of the rest of his doctor bills each year.

The administration errs in assuming that medicare patients have contributed to the cost of medical service or that medicare patients can reduce their medical or hospital needs by their own choice.

The food and rent inflation of the last 17 months has devastated the budgets of all Americans—particularly the elderly and the poor. It has "whipsawed" millions of American people from self-sufficiency to demeaning dependency.

Last year's social security increase has already been washed out by the intervening inflation in the cost of food, shelter, and clothing. The President's proposed reduction of medicare benefits would provide only short-term financial gains to the administration and long-term losses. It would plunge millions of our elderly into the ranks of the medically indigent and from self-sustaining citizens to citizens substantially dependent on supplemental support from the community or from the family.

Mr. WYLIE. Mr. Speaker, will the gentleman yield for a question?

Mr. VANIK. I am happy to yield to my colleague from Ohio.

Mr. WYLIE. The gentleman from Ohio mentioned the President's program on medicare several times. From whence does this program come? Is there a bill in on it?

Mr. VANIK. His program is clearly set forth in his message to the Congress. I assume that legislation is coming out to support the message he gave us earlier this year.

Mr. WYLIE. I certainly did not draw the conclusions of the gentleman from Ohio on the message to the Congress. The gentleman can draw his own conclusions.

Mr. VANIK. That is in the President's message, and it was very, very well and thoroughly reported. While he has not sent up legislation, I think it is in this way plain.

We have to assume in this House that there will be legislation to support every

thing that the President seems for the instant to consider necessary.

Mr. WYLIE. Mr. Speaker, I thank the gentleman.

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

Mr. ULLMAN. I yield to the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Speaker, I would like to take this opportunity to ask about another aspect of the Social Security Act.

Many of us are deeply concerned about the proposed social service regulations issued by the Department of Health, Education, and Welfare on February 15.

We have learned that a wide range of community programs in our districts—from day care for working mothers to homemakers' aid for the elderly—are likely to be terminated if the regulations are implemented.

I would like to ask the gentleman handling the bill if he agrees that the regulations represent an unnecessary restriction on the use of social service funds and move beyond the limitations imposed by Congress last year in the State and Local Fiscal Assistance Act?

Mr. ULLMAN. Mr. Speaker, I agree completely with the gentleman that the proposed regulations issued by the Department of Health, Education, and Welfare move beyond the limitations imposed by Congress last year in the State and Local Fiscal Assistance Act. In that act, we set a dollar limitation on the amount of Federal funds which a State could receive for social services. We also set a limitation with some exceptions on the percentage of funds that could be expended for persons who are not welfare applicants or recipients. As the chairman stated on this floor at the time the conference report on the State and Local Fiscal Assistance Act was being debated, nothing in that act required the issuance of more stringent regulations either as to services which could be provided or persons who could receive such services than were in existence at that time. In my opinion, many of the proposed regulations would have an undesirable effect.

Mr. FRASER. Mr. Speaker, I thank the gentleman very much for his response.

Mr. SCHNEEBELI. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. HEINZ).

Mr. HEINZ. Mr. Speaker, I should like to ask the distinguished gentleman from Oregon (Mr. ULLMAN), if he would respond to one or two questions I might ask.

Mr. ULLMAN. I would be very happy to respond.

Mr. HEINZ. Mr. Speaker, I understand that possibly this bill could be the vehicle which would allow the other body to return to us a welfare reform bill. If that were to be the case, and the other body were to return this bill, amended or changed in the other body, to this House, would the gentleman please give use some indication as to how this body might deliberate upon such provisions as welfare reform in the other body which came back to us in the form of a conference report?

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

Mr. HEINZ. I would be happy to yield to the gentleman.

Mr. ULLMAN. Mr. Speaker, this could be true of any social security measure that this House passed. It is always possible that the other body may add amendments.

Let me say that we have discussed this matter generally among the committee members. The chairman has discussed it with us, and if, in fact, there were a major welfare measure attached to this bill, then the chairman and the committee have agreed that the committee itself would take it under consideration before anything further was done, or before a conference committee decision was made.

Now, of course, we have no indication at this time that this might happen, or to what extent, and we certainly would not make any prior judgment at this time as to what would encompass major social security legislation and what would not. I think, if that happened, it would be rather obvious.

Mr. HEINZ. If the gentleman would respond further? If the bill were to come back and the welfare reform bill was considered by the full Committee on Ways and Means and then came to the floor, would the bill be subject to amendment?

Mr. ULLMAN. Well, obviously we cannot answer that question at this point, because there are different alternatives available under the rules. I am sure no one could answer that question at this point.

Mr. HEINZ. In a general way, would it be possible? What opportunities would a Member of this body have to influence the legislations to offer amendments or propose changes to the bill that may be important to their constituents or to the Nation?

Mr. ULLMAN. I would say we have general parliamentary procedures to cover almost any situation, and I would think that the gentleman and the House would utilize those parliamentary procedures that would be available.

Mr. HEINZ. Well, are they going to be available?

Mr. ULLMAN. I would certainly hope that if we had a major welfare measure attached to this or any other bill, we could devise procedures to bring it to the floor whereby it could be amended.

Mr. HEINZ. Thank you very much.

Mr. VANIK. Will the gentleman yield further?

Mr. HEINZ. I yield to the gentleman.

Mr. VANIK. I think the gentleman from Pennsylvania provided a very useful service to this House in making that inquiry on how the bill might come back.

Will the gentleman from Oregon tell me—and I would like to be assured—if the other body were to make it into a trade bill, would the same principle apply and would we have to refer it to the Committee on Ways and Means for complete and thorough action by that committee before it was reported out of the House?

Mr. ULLMAN. I will say to the gentle-

man, obviously a trade amendment would not be a germane amendment to a social security bill. We are referring here to germane amendments and procedures that would follow from them, but certainly not that kind of thing, which would clearly be nongermane. I would hope we would not adopt such a nongermane amendment. As the gentleman knows, the rules of the House are clear as to nongermane amendments.

Mr. VANIK. Will the gentleman assure me such action would not be taken among the conferees?

Mr. ULLMAN. I cannot. As far as I am concerned personally, I can assure you, but I cannot speak for the conferees.

Mr. VANIK. I thank you.

Mr. SCHNEEBELI. I would like to reply, also, to the gentleman from Pennsylvania.

At the time this bill was taken up this question was raised in the committee by Members on both sides of the aisle, Republicans and Democrats. The chairman assured them that we would have a committee meeting on it and also have hearings on the subject if necessary. That was back in January when we took the bill up in the committee.

Furthermore, last week I again asked the chairman if that was his intention, and was assured that it was.

Mr. HEINZ. If the gentleman will yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. HEINZ. I simply would like to thank the gentleman from Pennsylvania for having made this inquiry to make it known that if the House has the opportunity to consider fully any legislation that goes beyond the apparent scope of this measure we will do so.

Mr. SCHNEEBELI. I can assure the gentleman that is true and we will have hearings by the committee if necessary.

Mr. Speaker, I have no further requests for time.

Mr. ULLMAN. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 3153.

The question was taken.

Mr. WYLIE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 340, nays 1, not voting 92, as follows:

[Roll No. 63]  
YEAS—340

Abdnor	Arends	Blackburn
Abzug	Ashley	Boggs
Adams	Aspin	Boland
Addabbo	Bafalis	Brasco
Anderson,	Barrett	Bray
Calif.	Beard	Breaux
Anderson, Ill.	Bennett	Breckinridge
Andrews,	Bergland	Brinkley
N. Dak.	Bevill	Broomfield
Annunzio	Biester	Brotzman
Archer	Bingham	Brown, Calif.

Brown, Mich.  
Brown, Ohio  
Broyhill, N.C.  
Broyhill, Va.  
Buchanan  
Burgener  
Burke, Fla.  
Burke, Mass.  
Burlinson, Tex.  
Burlinson, Mo.  
Butler  
Byron  
Carey, N.Y.  
Carter  
Casey, Tex.  
Cederberg  
Chamberlain  
Chappell  
Clancy  
Clark  
Clausen,  
Don H.  
Clawson, Del  
Cleveland  
Cochran  
Cohen  
Collier  
Collins  
Conable  
Conlan  
Conyers  
Cotter  
Coughlin  
Crane  
Daniel, Dan  
Daniel, Robert  
W. Jr.  
Daniels  
Dominick V.  
Danielson  
Davis, Ga.  
Davis, S.C.  
Davis, Wis.  
de la Garza  
Dellenback  
Denholm  
Dennis  
Dent  
Derwinski  
Devine  
Dickinson  
Diggs  
Donohue  
Downing  
Drinan  
Dulski  
Duncan  
du Pont  
Edwards, Calif.  
Eilberg  
Erlenborn  
Esch  
Eshleman  
Evans, Colo.  
Evins, Tenn.  
Fascell  
Findley  
Fish  
Fisher  
Flood  
Flowers  
Flynt  
Foley  
Ford, Gerald R.  
Forsythe  
Fraser  
Frelinghuysen  
Frenzel  
Froehlich  
Fulton  
Fuqua  
Gaydos  
Gettys  
Gialmo  
Gibbons  
Gilman  
Ginn  
Gonzalez  
Goodling  
Grasso  
Green, Pa.  
Griffiths  
Gross  
Grover  
Gude  
Gunter  
Haley  
Hamilton  
Hammer-  
schmidt  
Hanley  
Hanrahan  
Hansen, Idaho  
Hansen, Wash.  
Harrington

Hawkins  
Hays  
Hébert  
Hechler, W. Va.  
Heckler, Mass.  
Heinz  
Helstoski  
Henderson  
Hicks  
Hillis  
Hogan  
Holt  
Holtzman  
Horton  
Hosmer  
Howard  
Hudnut  
Hungate  
Hunt  
Hutchinson  
Ichord  
Jarman  
Johnson, Calif.  
Johnson, Colo.  
Johnson, Pa.  
Jones, Ala.  
Jones, N.C.  
Jones, Okla.  
Jones, Tenn.  
Jordan  
Karth  
Kastenmeier  
Kazen  
Keating  
Kemp  
Ketchum  
Kuykendall  
Kyros  
Landgrebe  
Latta  
Lehman  
Lent  
Litton  
Long, La.  
Long, Md.  
Lott  
Lujan  
McClory  
McCloskey  
McCollister  
McDade  
McEwen  
McFall  
McKay  
McSpadden  
Macdonald  
Madden  
Madigan  
Mahon  
Mailliard  
Mallary  
Martin, Nebr.  
Martin, N.C.  
Mathias, Calif.  
Mathis, Ga.  
Mazzoli  
Meeds  
Mezvinsky  
Miller  
Mills, Md.  
Minish  
Mink  
Minshall, Ohio  
Mitchell, N.Y.  
Mizell  
Moakley  
Mollohan  
Montgomery  
Moorhead,  
Calif.  
Moorhead, Pa.  
Morgan  
Moss  
Murphy, Ill.  
Murphy, N.Y.  
Myers  
Natcher  
Nedzi  
Nelsen  
Nichols  
Obey  
O'Brien  
O'Hara  
O'Neill  
Owens  
Passman  
Patman  
Patten  
Pepper  
Perkins  
Pettis  
Feysler  
Pike  
Poage  
Podell

Powell, Ohio  
Freyer  
Price, Ill.  
Pritchard  
Quile  
Quillen  
Rallsback  
Randall  
Rangel  
Rarick  
Rees  
Regula  
Reuss  
Rhodes  
Rinaldo  
Roberts  
Robinson, Va.  
Robison, N.Y.  
Roe  
Rogers  
Roncalio, Wyo.  
Roncalio, N.Y.  
Rooney, Pa.  
Rose  
Rosenthal  
Rostenkowski  
Roush  
Rousselot  
Roybal  
Runnels  
Ruppe  
Ruth  
St Germain  
Sarasin  
Sarbanes  
Satterfield  
Saylor  
Schneebell  
Schroeder  
Seiberling  
Shoup  
Shriver  
Shuster  
Sikes  
Sisk  
Skubitz  
Slack  
Smith, N.Y.  
Snyder  
Spence  
Staggers  
Stanton,  
J. William  
Stark  
Steed  
Steelman  
Steiger, Ariz.  
Steiger, Wis.  
Stokes  
Stratton  
Stubblefield  
Stuckey  
Sullivan  
Symms  
Taylor, N.C.  
Teague, Calif.  
Thomson, Wis.  
Thone  
Thornton  
Tiernan  
Towell, Nev.  
Treen  
Udall  
Ullman  
Van Deerlin  
Vander Jagt  
Vanik  
Veysey  
Vigorito  
Waggonner  
Waldie  
Walsh  
Wampler  
Ware  
Whalen  
White  
Whitehurst  
Whitten  
Widnall  
Wiggins  
Williams  
Winn  
Wyatt  
Wydler  
Wyllie  
Wyman  
Yates  
Yatron  
Young, Alaska  
Young, Fla.  
Young, Ga.  
Young, Ill.  
Young, Tex.  
Zablocki  
Zwach

NAYS—1  
Burton

NOT VOTING—92

Alexander  
Andrews, N.C.  
Armstrong  
Ashbrook  
Badillo  
Baker  
Bell  
Biaggi  
Blatnik  
Bolling  
Bowen  
Brademas  
Brooks  
Burke, Calif.  
Camp  
Carney, Ohio  
Chisholm  
Clay  
Conte  
Corman  
Cronin  
Culver  
Delaney  
Dellums  
Dingell  
Dorn  
Eckhardt  
Edwards, Ala.  
Ford,  
William D.  
Fountain  
Frey  
Goldwater

Gray  
Green, Oreg.  
Gubser  
Guyer  
Hanna  
Harsha  
Harvey  
Hastings  
Hinshaw  
Hollifield  
Huber  
King  
Kluczynski  
Koch  
Landrum  
Leggett  
McCormack  
McKinney  
Mann  
Maraziti  
Matsunaga  
Mayne  
Melcher  
Metcalf  
Michel  
Milford  
Mills, Ark.  
Mitchell, Md.  
Mosher  
Nix  
Parris  
Pickle  
Price, Tex.

Reid  
Riegle  
Rodino  
Rooney, N.Y.  
Roy  
Ryan  
Sandman  
Scherle  
Sebellus  
Shipley  
Smith, Iowa  
Stanton,  
James V.  
Steele  
Stephens  
Studds  
Symington  
Talcott  
Taylor, Mo.  
Teague, Tex.  
Thompson, N.J.  
Wilson, Bob  
Wilson,  
Charles H.,  
Calif.  
Wilson,  
Charles, Tex.  
Wolf  
Wright  
Young, S.C.  
Zion

The result of the vote was announced as above recorded.  
A motion to reconsider was laid on the table.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

- Mr. Thompson of New Jersey with Mr. Maraziti.
- Mr. Rooney of New York with Mr. King.
- Mr. Biaggi with Mr. Cronin.
- Mr. Hollifield with Mr. Camp.
- Mr. Kluczynski with Mr. Hastings.
- Mr. Delaney with Mr. Ashbrook.
- Mr. Culver with Mr. Harsha.
- Mr. McCormack with Mr. Gubser.
- Mr. Hanna with Mr. Bell.
- Mr. Pickle with Mr. Hinshaw.
- Mr. Rodino with Mr. Sandman.
- Mr. Shipley with Mr. Conte.
- Mr. Charles H. Wilson of California with Mr. Bob Wilson.
- Mr. Wolf with Mr. McKinney.
- Mr. Blatnik with Mr. Huber.
- Mr. Brademas with Mr. Guyer.
- Mr. Brooks with Mr. Harvey.
- Mr. Gray with Mr. Talcott.
- Mr. Koch with Mr. Clay.
- Mr. Leggett with Mr. Mosher.
- Mr. Matsunaga with Mr. Frey.
- Mr. Dingell with Mr. Michel.
- Mr. Nix with Mr. Bowen.
- Mr. Smith of Iowa with Mr. Goldwater.
- Mr. James V. Stanton with Mr. Sebellus.
- Mr. Stephens with Mr. Edwards of Alabama.
- Mr. Symington with Mr. Mayne.
- Mr. Teague of Texas with Mr. Baker.
- Mr. Wright with Mr. Parris.
- Mr. Badillo with Mrs. Burke of California.
- Mr. Alexander with Mr. Price of Texas.
- Mr. Carney of Ohio with Mr. Steele.
- Mrs. Chisholm with Mr. Corman.
- Mr. Dellums with Mr. William D. Ford.
- Mr. Dorn with Mr. Young of South Carolina.
- Mr. Fountain with Mr. Scherle.
- Mr. Andrews of North Carolina with Mr. Charles Wilson of Texas.
- Mrs. Green of Oregon with Mr. Taylor of Missouri.
- Mr. Landrum with Mr. Zion.
- Mr. Mann with Mr. Eckhardt.
- Mr. Melcher with Mr. Metcalfe.
- Mr. Milford with Mr. Mitchell of Maryland.
- Mr. Reid with Mr. Mills of Arkansas.
- Mr. Roy with Mr. Riegle.
- Mr. Studds with Mr. Ryan.



**SOCIAL SECURITY AMENDMENTS  
OF 1973**

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**REPORT**

OF THE

**COMMITTEE ON FINANCE  
UNITED STATES SENATE**

TO ACCOMPANY

**H.R. 3153**

**TO AMEND THE SOCIAL SECURITY ACT TO MAKE CERTAIN  
TECHNICAL AND CONFORMING CHANGES**

(Together With Additional Views)

---

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



NOVEMBER 21, 1973.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

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# Calendar No. 529

93D CONGRESS }  
1st Session }

SENATE

{ REPORT  
No. 93-553

## SOCIAL SECURITY AMENDMENTS OF 1973

November 21, 1973—Ordered to be printed

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

### REPORT

[To accompany H.R. 3153]

The Committee on Finance, to which was referred the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

#### I. SUMMARY OF THE BILL

The bill as passed by the House would make a number of minor, clerical, and conforming changes in the Social Security Act to correct errors and oversights in the Social Security Amendments of 1972. The Committee amendment incorporates a number of substantive provisions affecting social security cash benefits, the Supplemental Security Income program, social services, child welfare services, child support, Aid to Families with Dependent Children, Medicare and Medicaid. The Committee bill also establishes a new tax credit for low-income workers with children and, to pay the cost of the tax credit, deletes the income tax itemized deduction for State and local gasoline taxes. A summary of the Committee amendments follows.

#### 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 Committee 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 with the month of enactment. 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 Committee amendment 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.)

*Special minimum benefit.*—Legislation enacted in 1972 established a new special minimum social security benefit to provide a more adequate payment for those who retire after working in employment covered by social security for many years and at relatively low wage levels. Unlike the regular minimum which is typically payable to persons who have had very little employment under social security, the special minimum is so designed that it benefits only those with more than 20 years of work under social security. The amount of the special minimum under present law is equal to \$8.50 times the individual's years of coverage under social security (over 10 and up to 30). Thus, with 30 years or more of coverage, an individual qualifies for a special minimum of \$170.

Under the Committee bill, an individual with 30 years or more of coverage would qualify for a special minimum of \$182 effective with the month of enactment and \$190 effective for June 1974; thereafter, the special minimum would be increased automatically as the cost of living rises.

*Financing.*—Under the Committee 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 Committee 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	Committee bill	Present law	Committee bill	Present law	Committee bill
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
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

*Veterans.*—Under a provision in the Committee bill, veterans would be protected from any loss of pension benefits related to the 7 percent and 11 percent social security benefit increases.

*Social security agreements with other countries.*—The Committee bill also includes a provision authorizing the President to enter into bilateral agreements with interested foreign countries to provide for limited coordination between this country's social security system and those of the other countries.

*Treatment of certain farm rental income.*—Another provision of the Committee bill is designed to make clear how certain farm income is to be treated for social security purposes. Under the provision, an individual land owner who enters into an agreement with a person to manage his farm shall not have his rental income under the agreement counted as income for social security purposes provided that the landowner does not participate in the management or production of the farmland.

*Cost-of-living study.*—The Committee bill includes a provision directing the Department of Health, Education, and Welfare (HEW) to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost-of-living differentials among the States or among different areas within a State.

*Policemen in Louisiana.*—The committee bill would permit policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security

coverage without requiring that other State employees lose their social security coverage.

*Policemen and firemen in California.*—The Committee bill would permit policemen and firemen in California to withdraw from social security coverage without requiring that other State employees lose their social security coverage.

### **Tax Credit For Low-Income Workers With Families**

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

### **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 Committee bill would make these higher amounts of \$140 and \$210 effective from the start of the SSI program in January 1974. The Committee 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 Committee bill, therefore, repeals the prohibition against participation by SSI recipients in the food stamp program. Due to the short time left before the SSI program becomes effective, however, the Committee bill includes a transitional provision for those States that have already acted to raise benefits to take into account the loss of food stamp eligibility.

For a transitional period until July 1975, States which have already made plans to "cash out" food stamps under the SSI program

would be permitted to do so, with recipients in these 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 Committee 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 Committee 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.

*Disregard of certain benefits.*—The Committee bill includes a provision under which certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit.

*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.

*Combined checks for married couples.*—In order to make it feasible for the Social Security Administration to issue joint checks to couples receiving SSI benefits who request such checks, the Committee bill includes a provision which would permit such checks to be cashed by the surviving spouse in the case of the death of the husband or wife.

### 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 Committee bill incorporates a provision in effect converting the present law as it affects social services to a \$2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing. In the fiscal year 1974, expenditures would be held to \$1.9 bil-



lion, the amount in the President's budget. The Committee provision would be effective November 1, 1973.

### Child Welfare Services

*National adoption information exchange system.*—The committee bill would authorize \$1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. The amendment would authorize the Secretary of Health, Education, and Welfare to “provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption.”

*Child abuse and neglect; protective services.*—Last year the Congress substantially increased funds authorized for grants to States for child welfare services. Though the Congress expected that a large part of the additional funds would go toward meeting the cost of providing foster care, a specific earmarking for that purpose was avoided so that wherever possible the States and counties could use the additional funds to expand preventive child welfare services with the aim of helping families stay together thus avoiding the need for foster care. The Committee bill builds upon last year's record by adding requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

### Child Support

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

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

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

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

### **Aid to Families with Dependent Children**

*Pass-along of social security benefit increase.*—To assure that recipients of Aid to Families with Dependent Children who are also social security beneficiaries receive the benefit of at least part of the social security increase, the Committee amendment would require States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective starting with the month in which the beneficiaries begin receiving increased benefits.

*Earnings disregard.*—Under present law, payments under the AFDC program are not reduced dollar for dollar because of any earnings. Instead, all work expenses are deducted from earnings. In addition, \$30 plus one-third of monthly earnings above \$30 are disregarded. Under the Committee provision, child care costs would be the only work expense that could be separately deducted from earnings; the disregard would be \$60 (rather than the present \$30) plus one-third of the next \$300 of monthly earnings plus one-fifth of earnings above this amount.

*Community work and training program.*—Under present law, States have been prohibited from establishing community work and training programs even though the Work Incentive Program is not in effect throughout the State. The Committee bill re-enacts the legislation as it existed prior to the Social Security Amendments of 1967 so that States wishing to have community work and training programs may do so.

*Demonstration project authority.*—The Committee bill includes a provision which broadens the experimentation authority in existing law with respect to welfare programs so as to emphasize and encourage experimentation by the States in the crucial area of making employment more attractive for welfare recipients. Examples of the types of projects the Committee has in mind would be those for public service employment under which the amount of the welfare payment could be combined with State funds to provide a salary considerably more attractive than welfare. Other experimentation might involve work incentives and the AFDC income disregard. All authority for such projects would expire on June 30, 1976.

### **Medicare and Medicaid Amendments**

*Medicaid eligibility.*—The Committee 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 Committee 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.

*Medicaid and Health Maintenance Organizations (HMO's).*—Another Committee amendment would apply certain quality and reimbursement standards to HMO's participating in Medicaid. The quality standards and reimbursement requirements parallel in large part, those applicable to HMO's participating under the Medicare program with modifications designed to reasonably take into account the differences between Medicare and Medicaid.

*Payments to substandard facilities.*—The Committee 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.

*Federal matching under Medicaid for care to Indians.*—The Committee bill contains a provision which would increase Federal matching under Medicaid to 100 percent for services provided to individuals who were eligible for services under the Indian Health Services Program and resided on or adjacent to a Federal Indian Reservation during the year before they received Medicaid services.

*Medicare administration.*—The Committee bill includes a provision formally assigning policy and operating responsibility for the Medicare program to the Social Security Administration.

*Kidney dialysis and transplantation.*—The Committee bill also requires the Secretary to develop and apply minimal utilization rates for facilities reimbursed under the dialysis and transplantation provision and mandates the Secretary to require that such facilities have independent medical review boards to evaluate the appropriateness and site of therapy proposed for the patient.

*Capital expenditures planning.*—Last year's Social Security Amendments preclude Federal reimbursement for major capital expenditures which have been disapproved by State planning agencies. The Committee bill provides that effective July 1, 1974, authorization of reimbursement from Medicare and Medicaid for expenditures incurred in the administration of this capital planning provision shall be limited to those costs directly associated with preparing and transmitting reports and processing appeals concerning approved or disapproved capital expenditures.

*Occupational therapy.*—The Committee bill contains a provision expanding the outpatient physical therapy and speech pathology bene-

fits as provided through clinics and other organized settings to include occupational therapy. Additionally, it provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.

*Reimbursement of institutions and organizations under Medicare.*—The Committee amended 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 Committee provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

*Speech therapy.*—The Committee bill contains a provision which makes it clear that a physician's referral for speech therapy services need not necessarily detail the amount, duration and scope of services required.

*Professional Standards Review Organizations (PSRO's).*—Another provision of the Committee bill affirmatively provides that the Secretary may designate a State as a PSRO area and that he may not refuse to make such designation solely on account of the number of physicians in a State. An additional provision specifies that the Secretary shall give priority to designating PSRO areas on a local (medical service area) basis and also give priority to designating qualified local organizations as PSRO's where feasible. While priority would be given to local areas and entities, the Secretary, as previously noted, could not rule out consideration of designating a Statewide PSRO area or organization solely on account of the number of doctors in a State. The Committee also approved a provision authorizing the establishment of Statewide PSRO Councils in States having less than three PSRO's. The principal function of such councils is to hear appeals from the decisions made by local PSRO review organizations.

*Federal employees' health plan and Medicare.*—Section 210 of P.L. 92-603 requires the Civil Service Commission to assure that by January 1, 1975 Federal employees and retirees who are eligible under both the Federal employee health insurance program and Medicare be provided supplemental coverage or reduced premiums in recognition of the overlap between the two programs. To provide more time to resolve administrative difficulties which have arisen in the implementation of Section 210, the Committee approved an amendment postponing the effective date of the provision to January 1, 1976.

*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 Committee approved an amendment making section 251 of Public Law 92-603 effective following publication of the final regulations.

*Study of optometrists' services.*—The Committee approved an amendment calling for a study by the Social Security Administration on the appropriateness of reimbursement under Medicare for services performed by optometrists with respect to the provision of corrective lenses following cataract surgery.

*Supervisory physicians.*—The Committee 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, certain provisions of Section 227 of P.L. 92-603, limiting medicare reimbursement to medical centers for the services of teaching physicians, would be suspended. However, the suspension would not apply to those hospitals which are reimbursed on a costs basis in accordance with Section 227.

#### Clerical and Conforming Amendments

The Committee bill includes a number of provisions of a clerical and conforming character designed to correct mistakes and oversights in the Social Security Amendments of 1972.

#### Tax Provision

*Gasoline tax deduction.*—The Committee bill also includes a provision to eliminate the itemized deduction, for Federal income tax purposes, of State and local gasoline taxes. This provision would be effective for taxable years beginning after 1973.

## II. SOCIAL SECURITY CASH BENEFITS

### Eleven Percent Benefit Increase

(Secs. 101-106 of the bill)

Under a provision enacted as part of Public Law 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 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. 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 last year's law, the first cost of living increase could not have become effective until January 1975.

In July of this year, a provision was enacted as part of Public Law 93-66 increasing social security benefits by 5.9 percent effective for June 1974. The increase was considered to be an early, partial payment of the larger cost-of-living increase which was already scheduled to go into effect for January 1975 under the provisions of the Social Security Act which call for periodic, automatic cost-of-living increases in social security benefits.

Since this action was taken by the Congress, the cost of living has continued to rise, with a corresponding decline in the real income of about 30 million social security beneficiaries. The Committee believes that these beneficiaries should not have to wait until the middle of next year for a cost-of-living increase in benefits. The Committee therefore recommends that the law providing for a 5.9-percent benefit increase effective for June 1974 be modified to provide for an 11-percent benefit increase in two steps. The first step would be a 7-percent benefit increase effective for the month of enactment. This would

be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level. Assuming that the bill is enacted in November, about \$3.5 billion in additional benefits will be paid in 1974.

Under the Committee bill, the minimum benefit would be increased from \$84.50 to \$90.50 a month for November through May 1974 and to \$93.80 per month for months after May 1974. The average old-age benefit payable for November would rise from \$166 to \$178 per month and then to \$186 a month for June 1974, and the average benefit for an aged couple would increase from \$276 to \$296 per month for November and to \$310 for June 1974. Average benefits for aged widows would increase from \$157 to \$169 for November 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 November 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 November through May and to \$96.60 per month for June 1974 and after.

*Special minimum benefit.*—Present law provides a special minimum benefit for persons who have worked for relatively low wages for long periods of time; this special minimum benefit is equal to \$8.50 for each year of coverage between 10 years and 30 years. The special minimum benefit is not increased when benefits generally are increased under the automatic cost-of-living benefit increase provisions. The Committee believes that all persons who have worked substantial periods for low wages should have their benefits increased when increases in the cost of living lead to an increase in social security benefits. The Committee bill therefore would provide that these special minimum payments would be increased whenever cost-of-living increases are effective. Accordingly, the bill would increase by seven percent (from \$8.50 to \$9.10) the amount payable for each year of coverage between 10 years and 30 years. This increase would be effective upon enactment, as would the general 7 percent benefit increase. A further increase to \$9.50 a month (11 percent higher than present law) for each year of creditable coverage would go into effect for June 1974, and further increases would be made under the automatic cost-of-living provisions. Thus a person with 30 years or more of employment covered under social security, who is entitled to a special minimum benefit of \$170 under present law, would have this increased to \$182 upon enactment and further increased to \$190 effective June 1974.

*Automatic cost-of-living increases.*—Under present law, the rise in 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 resulting 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.)

The committee believes that an increase under the automatic benefit adjustment provisions of the law should follow 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

TABLE 1.—EFFECT OF BENEFIT INCREASE ON AVERAGE MONTHLY BENEFIT AMOUNTS 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).....	\$161	\$173	\$181
Retired worker and aged wife, both receiving benefits.....	276	296	310
Disabled worker alone (no dependents receiving benefits).....	178	190	199
Disabled worker, wife, and 1 or more children.....	362	387	403
Aged widow alone.....	157	169	177
Widowed mother and 2 children.....	389	416	433
2. Average monthly individual benefits:			
All retired workers (with or without dependents also receiving benefits).....	166	178	186
All disabled workers (with or without dependents also receiving benefits).....	183	195	206

for June 1975, the increase in living costs would be measured 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.

*Protecting veterans' pensions.*—When social security benefits are increased during the year, veterans' pensions are decreased beginning in the following calendar year (though in most cases by substantially less than social security benefits have been increased). To assure that veterans' pensions, widows' pensions, and dependency and indemnity compensation payments to parents of veterans are not decreased as a result of enactment of the bill, the Committee amendment contains a provision assuring that the 7 percent and 11 percent social security benefit increases will be disregarded for purposes of these payments.

*Funding provisions.*—The Committee would point out that at the time it considered the 5.9 percent benefit increase which under present law would occur with the benefits for June 1974, it had been advised that the automatic benefit increase scheduled for January 1975 would be between 7.1 percent and 8.5 percent above the current benefit levels. Subsequent rises in the cost of living, though, indicate that the benefit increase in January 1975 could be in the neighborhood of 11.5 percent above the current benefit levels were no change made in the law. In this connection it is important to keep in mind the effect that changing assumptions as to future rises in the cost of living have on estimates of future income and outgo. When the 5.9 percent benefit increase was adopted four months ago, the social security actuaries assumed a January 1975 benefit increase in the range of from 7 to 8.5 percent, based on projected increases in the cost of living. If the 1975 increase is about 7 percent, the social security trust funds would increase each year through 1977, but if it is as high as 8.5 percent, there will be a slight decrease in 1977. And if the January 1975 benefit increase is as high as 11.5 percent, as current actuarial estimates project it might be, the trust funds will decrease slightly from 1974 to 1977.

Although the Committee believes there is no cause to be concerned about the short-range financial stability of the program, the situation with regard to the long-range situation is not as clear. On July 13, 1973 (after the enactment of the 5.9 percent benefit increase) the Trustees of the social security trust funds sent their 1973 report to the Congress. This report indicated that the cash benefits trust funds had a long-range actuarial imbalance of  $-0.32$  percent of taxable payroll, assuming a 7.1 percent increase in 1975; if the increase is 11.5 percent, as assumed in current estimates, the imbalance can be expected to rise to  $-0.76$  percent.



With regard to the hospital insurance program, the Committee has been informed that the program is somewhat over-financed in the near future, and that a modification of the schedule of hospital insurance tax rates would be appropriate so as to reflect on a more current basis the year-by-year financial needs of that program.

Therefore, the Committee bill would modify the schedule of social security taxes to reduce the long-range actuarial deficit of the cash benefits program and to regulate the cash flow in the hospital insurance program to reflect more nearly the needs of that program. Thus, the social security tax base would be increased from \$12,600 to \$13,200 effective January 1974. The tax schedule would be modified as indicated in table 2 below:

TABLE 2.—SOCIAL SECURITY TAX RATES

[In percent]						
Calendar years	OASDI		HI		Total	
	Pres-ent law	Com-mittee bill	Pres-ent law	Com-mittee bill	Pres-ent law	Com-mittee bill
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
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

The effects of the changes made by the Committee bill on the long-range financing of the program are shown in the following table:

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 COMMITTEE BILL

[In percent]

Item	OASI	DI	Total
Actuarial balance under present law.....	-0.48	-0.28	-0.76
\$13,200 earnings base in 1974.....	+0.04	+0.01	+0.05
Benefit increase and change in automatics.....	-0.04	( <sup>1</sup> )	-0.04
Modification of special minimum....	-0.05	( <sup>1</sup> )	-0.05
Revised tax schedule.....	+0.05	+0.19	+0.24
Total effect of change in bill.....	.....	+0.20	+0.20
Actuarial balance under bill.....	-0.48	-0.08	-0.56

<sup>1</sup> Less than 0.005.

The changes the Committee bill would make in benefits and in the tax base are shown in table 4 and the effects of the bill on the social security trust funds are shown in tables 5 and 6.

TABLE 4.—BENEFIT INCREASES AND CHANGES IN THE EARNINGS BASE AND RETIREMENT TEST UNDER PRESENT LAW AND THE COMMITTEE BILL

Year	General benefit increase (percent)		Contribution and benefit base		Annual exempt amount under the retirement test <sup>1</sup>
	Present law	Committee bill	Present law	Committee bill	
<b>Special increases <sup>2</sup></b>					
1973.....		7.0	\$10,800	\$10,800	\$2,100
1974.....	5.9	.....	12,600	13,200	2,400
<b>Permanent increases: <sup>3</sup></b>					
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

<sup>1</sup> Amounts are the same under present law and under the committee bill.

<sup>2</sup> Under present law, as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for June-December 1974; under the Committee bill, the special benefit increase of 7 percent is effective from the month of enactment through May 1974.

<sup>3</sup> 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

TABLE 5.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM: 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]

Calendar year	Income		Outgo	
	Present law	Committee bill	Present law	Committee bill
1973.....	\$54.8	\$54.8	\$53.4	\$53.4
1974.....	61.4	63.1	58.9	62.4
1975.....	66.5	68.3	66.6	67.5
1976.....	72.6	74.5	72.7	72.9
1977.....	78.4	80.5	78.5	77.6
1978.....	82.0	85.2	82.3	83.5
Calendar year	Net increase in funds		Assets, end of year	
	Present law	Committee bill	Present law	Committee bill
1973.....	\$1.4	\$1.4	\$44.2	\$44.2
1974.....	2.6	.7	46.8	45.0
1975.....	-.1	.8	46.7	45.8
1976.....	( <sup>1</sup> )	1.6	46.6	47.4
1977.....	-.2	2.9	46.5	50.3
1978.....	-.3	1.7	46.2	51.9

<sup>1</sup> Outgo exceeds income by less than \$50,000,000.

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 Committee bill they become effective for June.

TABLE 6.—HOSPITAL INSURANCE: PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW AND THE COMMITTEE BILL, CALENDAR YEARS 1973-78

[In billions]

Calendar year	Income		Outgo (same under present law and committee bill)
	Present law	Commit- tee bill	
1973 .....	\$11.4	\$11.4	\$8.1
1974 .....	13.1	12.1	9.8
1975 .....	14.3	13.1	11.5
1976 .....	15.7	14.3	13.0
1977 .....	17.1	15.4	14.7
1978 .....	22.0	19.4	16.6

  

Calendar year	Net increase in funds		Assets, end of year	
	Present law	Commit- tee bill	Present law	Commit- tee bill
1973 .....	\$3.4	\$3.4	\$6.3	\$6.3
1974 .....	3.3	2.3	9.6	8.6
1975 .....	2.8	1.5	12.4	10.1
1976 .....	2.7	1.2	15.1	11.3
1977 .....	2.3	.7	17.5	12.0
1978 .....	5.5	2.8	22.9	14.9

### Social Security Agreements With Other Countries

(Sec. 107 of the bill)

The Committee bill includes a provision which would provide general authority for the President (or the Secretary of Health, Education, and Welfare, as his delegate) to enter into bilateral agreements (generally known as totalization agreements) with interested foreign countries to provide for limited coordination between the U.S. social security system and that of the other country. Under the amendment, each agreement with another country would be reported to the Congress and would become effective not earlier than 90 days later.

The Committee is informed that totalization agreements would be designed to benefit both workers and employers. An agreement would prevent the impairment of social security protection which results when a person works during his lifetime under the social security systems of two countries but is not eligible for benefits on the basis of his work in one of the two countries when he retires, becomes disabled, or dies. The agreement should also prevent undesirable dual coverage and dual employer and employee taxes with respect to the same work under the social security systems of two cooperating countries, such as may occur when Americans work in foreign countries for American employers.

An American-Italian totalization agreement has been negotiated under the authority of article VII of the Supplementary Agreement to the Treaty of Friendship, Commerce, and Navigation of September 26, 1951, between Italy and the United States. The initialing of this totalization agreement on May 23 by representatives of the United States and Italy signifies only that both governments agree to accept the text of the agreement for purposes of seeking formal approval of their respective legislatures. In the case of the United States, the committee amendment is needed, in addition to approval of the agreement itself, before the agreement can become effective.

The Committee has been advised that each agreement would have a small cost, mainly the cost of paying benefits to people who would not be eligible for benefits based solely on their earnings in the U.S. The cost of each agreement would vary with the number of people involved and the terms of the agreement. For example, the Secretary of Health, Education, and Welfare informed the Committee that the agreement with Italy could cost \$900,000 in fiscal year 1975.

#### **Exclusion From Coverage of Certain Farm Rental Income**

( Sec. 108 of the bill)

Under present law, farm rental income is covered under social security if the rental arrangement provides that the landowner materially participate in the production of the agricultural or horticultural commodities on his land, and if there is material participation by the landowner. In determining whether the landowner's actions contribute in a material way to the production of the commodities raised on his farm, his own actions plus actions of his agent are considered. Actions by an agent are attributed to the farm landowner, so that if the agent participates in the management and operation of the farm, the farmowner is also deemed to be participating even though he does not personally participate.

A problem has arisen in the case of landowners who enter into an agreement with a professional farm management company or other person who has the responsibility to choose a tenant and to manage and supervise the farm operation. In such a situation, the landowner does not participate in the operation of the farm and views his income as investment income rather than income from farm self-employment.

Accordingly, the Committee bill provides that in such a situation the landowner would not be considered to participate in the operation of the farm. Therefore, his farm income would not count for social

security purposes if he entered into an agreement with another person to manage or supervise the farm operation, including the selection of tenants, when there is in fact no participation on his part.

### **Study on Cost-of-Living Benefit Variation**

(Sec. 109 of the bill)

The cost of living may vary substantially in different geographic areas of the United States, and it may vary widely even within a State. Both social security cash benefits and supplemental security income (SSI) payments to aged, blind, and disabled persons are based on Federal law which provides the same treatment among the States and within a State. While it is clear that the adequacy of the same social security or SSI payment may differ depending on where the beneficiary lives, the problems of varying benefits in different areas have not been fully studied.

Accordingly, the Committee bill includes a provision directing the Department of HEW to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost of living in the State or in the locality within the State. In carrying out the study, the Department will develop a comprehensive cost of living index for each State as a whole, evaluate the effects of a State-by-State variation in benefits under the Social Security Act, consider the feasibility of making a cost of living adjustment only in those States where the cost of living is significantly higher than the national average, and determine ways of improving data on the cost of living.

### **Termination of Coverage for Policemen in Louisiana**

(Sec. 110 of the bill)

The Committee bill adds a provision which would allow Louisiana to terminate social security coverage for certain policemen. Traditionally, the social security law has provided social security coverage for policemen in instances where the policemen themselves wish it, and where the State agrees to it. The 1973 Louisiana Legislature created a new Municipal Police Employees Retirement System. In a number of cases policemen who are covered under the social security program have hesitated to join the new system because they are unable to afford the cost of both programs. Under the present law, the only way these policemen who are covered under social security can terminate their coverage involves the termination of coverage for the entire group, policemen and all other employees. In order to avoid this situation, the Committee has adopted a provision which would permit the termination of coverage for policemen without affecting the coverage of other employees.

Under the Committee amendment, the State of Louisiana would be permitted at any time up through the end of 1974 to modify its coverage agreements so as to terminate the coverage of policemen who are eligible to join the Municipal Police Employees Retirement System without terminating the coverage of any other employees. Such

an agreement would terminate the coverage of the policemen concerned effective January 1, 1974.

### **Termination of Coverage for California Policemen and Firemen**

(Sec. 111 of the bill)

The Committee was informed that in a number of instances, policemen and firemen in California who are covered under social security have subsequently been covered additionally by a pension plan specifically designed to meet the needs of policemen and firemen. In other instances, where policemen and firemen were covered under both social security and a pension plan, the pension plan has subsequently been greatly liberalized and made more expensive. As a result, some policemen and firemen face a financial burden in attempting to pay both social security contributions and substantial contributions required by their pension plan. If a State terminates social security coverage for such policemen and firemen, the termination must apply to all other employees in the coverage group, ordinarily all the employees of a State or political subdivision, except those engaged in a proprietary function of the State or subdivision. This, of course, often means that other employees who need and want coverage under social security lose protection under the program. In other cases, the termination desired by policemen and firemen is blocked by the opposition to the termination by other employees in the same coverage group.

In view of this, the committee bill adds a new provision which would allow the State of California to terminate coverage for policemen and firemen who are under a retirement system without affecting the coverage of other employees in the same coverage group. Terminations would be subject to the requirements of present law under which States wishing to terminate coverage must give the Secretary of Health, Education, and Welfare 2 years' advance notice; the notice can be given only after coverage of the group involved has been in effect for at least 5 years. The provision would also permit the reinstatement of social security coverage (with no break in continuity) of employees other than policemen and firemen whose coverage had been terminated by prior actions taken to terminate coverage of policemen and firemen, if a majority of the other employees vote to again be covered under social security.

### **III. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES**

(Sec. 112 of the bill)

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

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

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

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

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

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

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

Individuals who are eligible to receive the tax credit may apply for advance refund payments of these amounts on a quarterly basis. Under this procedure, at any time after completion of the first calendar quarter, and before the expiration of the second quarter, an individual may apply for one-quarter of the tax credit he shall be entitled to receive based on his earnings in the first quarter, taking into account the earnings he expects to receive in subsequent quarters. After completion of the second quarter, application may be made for an additional payment (or for an initial payment if no advance refund payment had been made for the first quarter), up to an amount equal to one-half of the credit he may be entitled to receive for the year. A similar procedure may be followed after completion of the third quarter, but for the fourth quarter the tax credit is to be applied for in connection with the filing of the return (referred to below), after the end of the year, or claimed as a credit in the same manner as an overpayment of income tax. Applications for advance refund payments are to be filed with the Internal Revenue Service and are to be made in a manner prescribed by regulations. The Internal Revenue Service is expected



to make these payments as promptly as possible after the application (but not less frequently than once every three months). These payments are not to be included in the income of the taxpayer for income tax purposes, and are to be made regardless of any tax liability, or lack of it, on the part of the taxpayer.

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

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

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

Each document and application to be filed in connection with the tax credits is to contain a warning that statements made in such document or application are made under penalty of law. The provisions of the present tax law relating to crimes, other offenses, and forfeitures (chap. 75) and the general Federal criminal provisions relating to false or fraudulent statements (18 U.S.C. Sec. 1001) are to apply to all of these documents.

This provision is to become applicable to taxable years beginning after December 31, 1973; however, the first advance refund is not to be made before July 1974.

*Revenue effect.*—It is estimated by the Department of Health, Education, and Welfare that the tax credit provision would total roughly \$700 million during the calendar year 1974, if the minimum wage is not increased. However, this cost will be partly offset by a \$100 million savings in the Federal cost of Aid to Families with Dependent Children.

#### IV. SUPPLEMENTAL SECURITY INCOME

##### Increases in Supplemental Security Income Benefits

(Sec. 121 of the bill)

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. It is estimated that over 3 million recipients under the State programs will move into the new program and that up to 3 million more people may be newly 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 payments supplementing SSI. 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. The committee bill moves this increase forward to January 1. The bill would further increase these amounts to \$146 and \$219 on July 1 when the full social security increase occurs. The January increase is roughly proportionate to the 7-percent advance payment of the social security increase, and the July increase approximates the same percentage which the additional social security benefit increase in the July 1974 social security checks represents. 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.

##### Food Stamp Eligibility for Supplemental Security Income Recipients

(Sec. 122 of the bill)

Under the Social Security Amendments of 1972 (P.L. 92-603) individuals eligible for SSI benefits would have been prohibited from participating in food stamp or commodity distribution programs. However, the Congress this year substantially modified this provision in amending the Food Stamp Act.

The law enacted this year provides that an individual is ineligible for food stamps for a given month only if his SSI benefit (plus any State supplement) is at least equal to the amount of assistance plus the food stamp bonus he would have received under the State plan of old-age assistance, aid to the permanently and totally disabled, or aid to the blind as in effect for December 1973.

This would appear to require that in addition to having his eligibility determined under the provisions of the SSI program and any State supplementation program, an individual's eligibility would have to be determined under the State plan for aid to the aged, blind, or disabled which was in effect for December 1973. In some States this involves quite a complex and individualized budgetary analysis of needs. In addition, it would be necessary to periodically re-examine the individual's eligibility under the December 1973 State welfare plan to see if any of the variable factors applicable, such as the amount of rent paid, need for a special diet, etc., had changed sufficiently to affect the question of whether or not the amount actually payable under SSI was as great as the amount which would have been payable under the old welfare plan plus food stamps. It is quite possible, therefore, that an individual's eligibility for food stamps under this provision might vary from month to month and that in the same State there might be SSI beneficiaries who are eligible for food stamps and SSI beneficiaries who are not eligible for food stamps.

A determination under the prior welfare plan would have to be made not only for those SSI beneficiaries who were actually on the rolls in December 1973, but also for those newly eligible after that time. In addition, for purposes of determining eligibility for assistance under the prior welfare plan, the definition of disability and blindness in the new SSI program would be used if it is to the advantage of the beneficiary.

Another possible problem relates to the question of whether the mandatory State supplemental payments required under the new law enacted four months ago (P.L. 93-66) will be counted in determining food stamp eligibility. The provision in the Food Stamp Act literally provides for measuring the Federal SSI payments plus "payments described in section 1616(a)" (that is, optional State supplementary payments) against the prior welfare payments plus food stamps. Since the mandatory supplemental payments under P.L. 93-66 are technically not "payments described in section 1616(a)", it is at least possible that this provision might be so interpreted that an individual will be eligible for food stamps even though his SSI payment plus mandatory supplemental payment exceeded the amount which would have been available under the old welfare programs.

The Committee believes that the law enacted this year will be extremely difficult to administer and present substantial problems of unequal treatment in food stamp eligibility for SSI beneficiaries. Moreover, in some instances, recipients may lose valuable food stamp eligibility because their SSI benefits exceed by just a few dollars their prior welfare plus food stamp entitlement.

The Committee has decided that the best method of dealing with the problem of food stamps would be to simply repeal the prohibition in the Food Stamp Act against participation by SSI recipients in that

program (and the similar prohibition with respect to the commodity program.) This would eliminate any statutory requirement that eligibility for food stamps be determined on the basis of whether or not an individual is an SSI recipient rather than on the basis of his income. (Current food stamp regulations make welfare recipients eligible for food stamps even if their total incomes exceed the ordinary eligibility standards for food stamps.)

The Committee bill would also eliminate the provisions of P.L. 92-603 which, in effect, provide additional Federal funding to compensate States for raising their State supplemental levels to offset recipients' loss of eligibility for food stamps. However, for a period of up to 18 months, States which have raised their levels under this provision may be provided such Federal funding and, in those States, SSI recipients will be ineligible for food stamps during this period.

### **Limitation on Grandfather Clause for Disabled Individuals**

(Sec. 123 of the bill)

In enacting the new SSI program for the aged, blind and disabled the Congress provided that disabled persons on the rolls in December 1973 would continue to be considered disabled, even if they did not meet the new Federal definition of disability, provided that they continued to meet the old State definitions in effect as of October 1972. The purpose of this provision was to make it unnecessary for the Social Security Administration to make a new determination of the disability of the 1.2 million current recipients of aid to the disabled.

New York City is apparently hastily examining all AFDC caretaker relatives for disability in order to place the maximum number on aid to the disabled. An article appearing in the New York Times of September 24, 1973, indicated that 65 percent of the first 10,000 welfare mothers screened were found to have severe disabilities. New York City plans to test 250,000 welfare mothers in a ten week period. This transfer of AFDC mothers to APTD would shift the cost from the Federal-State AFDC program to the Federal SSI program, with higher Federal and lower State costs. To prevent such a costly development the committee bill would amend the grandfather provision for disability to provide that only those persons who had received aid to the disabled before July 1973, and who are on the rolls in December 1973, would be deemed disabled without having to meet the Federal definition of disability under the SSI program.

### **Supplemental Security Income Recipients Who Live With AFDC Families**

(Sec. 124 of the bill)

In P.L. 93-66, the Congress enacted a grandfather clause providing that SSI recipients who are now getting aid to the aged, blind, and disabled under State programs will receive State supplemental benefits sufficient to assure them no reduction in total income when the new SSI program goes into effect in January. The provision was designed

to achieve this objective while, at the same time, minimizing the administrative burdens to be placed on the Department of HEW which would have to administer the SSI benefits and, at least in most States, the supplemental benefits.

In most cases, the formula contained in P.L. 93-66 will achieve these two objectives in an acceptable way. However, in certain exceptional circumstances, an anomaly may arise in which the result of the provision in P.L. 93-66 will be to greatly increase the amount of assistance payable. This can happen in the case of individuals who are getting payments under the program of aid to the aged, blind or disabled, but who are also members of family units getting AFDC payments. In such cases there are two problems which can arise.

The first of these relates to the allocation of certain budget items such as shelter and utilities which are common to both the aged, blind and disabled individual and the rest of his family. Under the old law some or all of these items might have been attributed to the aged, blind, or disabled person, while under the new law, the amount of payment to the aged, blind and disabled is determined without reference to specific budget needs. Thus the full amount of these specific needs will apparently have to be added to the AFDC budget, raising the amount of the AFDC grant. This effect could be partially offset if the SSI recipient's contributions toward the costs of running the household could be considered to reduce the net amount of the family's needs. However, a provision of P.L. 92-603 (sec. 414) specifically prohibits counting the income and resources of an SSI recipient in determining the income and resources of an AFDC family.

A second part of the problem arises because some States allocate the income of an aged, blind, and disabled person to his entire family when doing so results in a higher total grant to the individual and his family. This will no longer be permitted after January 1974, but at the same time his total income (including that part now allocated to the rest of his family) must be counted in determining the mandatory State supplement under the grandfather clause in P.L. 93-66. The net result of this is that the State will have to provide an increased amount of assistance to his family (because the State can no longer count some of his income as the family's income) and will have to also provide an increased level of assistance to him (because it must count all of his income in computing the grandfather clause).

The committee bill corrects this situation by permitting a State to adjust the grandfather clause in such a way that it would assure the maintenance of the same level of total family income (rather than the maintenance of the *individual's* total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides, however, that the SSI recipient would be assured under the grandfather clause 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.

#### Special Supplemental Security Income Disregard Provision

(Sec. 125 of the bill)

The Social Security Act excludes from income, for purposes of determining SSI benefits, assistance furnished individuals by States if

it is based on need. Certain State benefits which are now payable to aged individuals without regard to need on the basis of their length of residence in a State will, however, reduce the amount of any supplemental security income payments dollar for dollar under present law. Unless the law is modified, States having such payments may simply discontinue them since without an exemption of this type the real beneficiary of the payments would be the Federal Government rather than the aged residents whom the State intended to help. The Committee would accordingly exclude from income, for SSI purposes, such State longevity payments to aged persons.

**Demonstration Projects With Respect to the Aged, Blind, or Disabled**

(Sec. 126 of the bill)

Section 1115 of the Social Security Act allows the Secretary of Health, Education, and Welfare to permit certain research and demonstration projects to operate by waiving some of the legal requirements otherwise applicable to assistance programs under the welfare titles of the Act (for example, the requirement of statewide uniformity and the requirement that assistance under such programs be made in the form of unrestricted money payments). Section 1115 also permits the costs of any such projects approved by HEW to be considered as expenditures under the appropriate welfare titles and, therefore, eligible for Federal matching.

Because Public Law 92-603 (H.R. 1) repeals the existing welfare titles of the Social Security Act dealing with the aged, blind, and disabled effective January 1, 1974, certain on-going demonstration projects may be adversely affected. The Committee bill would prevent this by authorizing the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects. The amendment would also authorize continued Federal funding of projects to the same extent as such funding would have been available if the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the amendment permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.)

The amendment applies only to projects which were already approved prior to October 1, 1973.

**Authority for Surviving Spouse of Deceased SSI Beneficiary To Cash Joint Check**

(Sec. 127 of the bill)

Under the social security program, when benefits are payable on a single account to both a worker and his spouse, the couple has the option of receiving either two separate checks or a single check which combines the benefits payable to each of them. In the event of the death of one spouse, the Social Security Administration is empowered

to provide for the superendorsement of the joint check so that it may be cashed by the surviving spouse. Any resulting overpayment is corrected through adjustment in subsequent payments due the survivor.

Existing law does not, however, provide comparable superendorsement authority to the Social Security Administration in the case of Supplemental Security Income payments. Because of this, the Administration has decided not to issue joint checks to couples receiving SSI even where both husband and wife request that their benefits be combined in a single check. The Committee bill would remedy this by giving the Social Security Administration superendorsement authority with respect to SSI.

The Committee, accordingly, expects that the Administration will honor requests by couples who find it more convenient to receive a single check including both their payments. The Committee recognizes, however, that such a feature can not be implemented immediately because of the short time remaining before the SSI program becomes effective.

## V. SOCIAL SERVICES

(Secs. 131 to 136 of the bill)

### LEGISLATIVE BACKGROUND

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

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

*Federal funds for social services limited in 1972.*—Under the provision in the last year's legislation, Federal matching for social services to the aged, blind and disabled, and for services provided under Aid to Families with Dependent Children was subjected to a State-by-State dollar limitation, effective beginning fiscal year 1973. Each State is limited to its share of \$2,500,000,000 based on its proportion of population in the United States. Child care services, family planning services, services provided to a mentally retarded individual, services related to the treatment of drug addicts and alcoholics, services provided a child in foster care, and (under a provision adopted this year as part of Public Law 93-66) any services to the aged, blind, or disabled can be provided to persons formerly on welfare or likely to become dependent on welfare as well as to present recipients of welfare. At least 90 percent of expenditures for all other social services, however, have to be provided to individuals receiving Aid to Families with Dependent Children. Until a State reaches the limitation on Federal matching, 75 percent Federal matching continues to be applicable for social services

as under prior law. Family planning services provided under the medicaid program are not subject to the Federal matching limitation.

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

In setting a maximum limit on the amount of Federal funds which would be available for social services programs, the Congress indicated its clear intent to stop the rapid and uncontrolled growth of the Federal commitment to this program. However, in the 1972 legislation the Congress did not alter the basic nature of the social services program nor did it express any intent that the level of Federal commitment to this program which had been reached should be cut back in any substantial way; in fact, the amount chosen as the new limit on Federal funding (\$2.5 billion per year) represented a commitment to a continuation of at least the level of Federal funding which had then been reached. Furthermore, the 1972 legislation clearly delineated certain high priority types of services which the Congress felt should be available, not only to those already on welfare, but also to those who might in the absence of these high priority types of services be likely to become dependent upon welfare.

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

On May 1, 1973, the Department of Health, Education, and Welfare issued sweeping revisions in the Federal regulations under which social services programs are operated by State welfare agencies. These regulations, which were to have become effective on July 1, were strongly opposed by many groups and individuals who felt that they were in many respects contrary to the purposes which social services programs were intended by Congress to serve.

*Eligibility for services.*—Under the May 1 regulations, social services could have continued to be provided to cash assistance recipients and to former and potential recipients; however, the definition of former and potential recipients was considerably narrower than under the prior regulations. Services provided to former recipients would have had to have been provided within three months after assistance was terminated (compared with two years under the former regulations). Persons could have qualified for services as potential recipients only if they were likely to become recipients within six months and only if they had incomes no larger than 150 percent of the State's cash assistance payment standard. In the case of child care services, potential recipients with incomes above that limit but not more than 233 $\frac{1}{3}$  percent of the cash assistance payment standard could have qualified for partially subsidized child care. Under the former regulations services could be made available to individuals likely to become recipients within five years and without any specific income tests. The former regulations also permitted eligibility to be established for some services on a group basis (for example, services could be provided to all residents of a low-income neighborhood). The new regulations would have not



permitted group eligibility but would have required the welfare agency to make individualized eligibility determination for each recipient of services.

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

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

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

#### CONGRESSIONAL ACTION TO POSTPONE NEW REGULATIONS

The new regulations issued by the Department on May 1, 1973 were objectionable to the Congress both because they contradicted specific provisions of law and because they were largely in conflict with the Congressional view of the basic purpose of the social services program and the legislative intent in imposing the \$2.5 billion limit in 1972. Some specific statutory conflicts involved:

1. Limiting eligibility of former and potential assistance recipients for services on the basis of income when the statute permits the Secretary only to specify time periods in which an individual is to be considered a former or potential recipient;
2. Virtually precluding Federal matching for the family planning services States are required to offer and provide;
3. Precluding Federal matching for legal services related to establishing of paternity of children born out of wedlock, locating

fathers who have deserted their families, and trying to collect support payments from these fathers—all activities States are required to perform under present law;

4. Precluding Federal matching for medical services in connection with treatment of alcoholism and drug abuse and limiting Federal matching for services for the mentally retarded, despite the inclusion of both of these kinds of services as high priority services which may be provided without regard to whether the recipient of services is on welfare or not;

5. Limiting Federal matching only to services which support the attainment of the goals of self-support or self-sufficiency, in contrast to the statutory requirement that States develop a program of family services for the purposes of "preserving, rehabilitating, reuniting, or strengthening the family"; and

6. Ignoring the requirement that the Secretary prescribe services the State must make available to old age assistance recipients to help them attain or retain capability for self-care.

In a more basic way, the May 1 regulations posed the question of whether the 1972 Congressional action in placing a ceiling on Federal funding could be used by the Department to justify the issuing of regulations which would have the effect of altering the basic nature of the program to such an extent that, according to many witnesses who testified at the hearings held by the Committee in May of this year, the States would be unable to utilize a large part of the funding statutorily available to them under the \$2.5 billion limit.

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

#### REVISED REGULATIONS

On September 10, 1973, the Department of Health, Education and Welfare published in the Federal Register a number of revisions in its earlier proposed regulations. Additional changes were made on October 31, 1973 when the Department published in the Federal Register the final set of regulations which went into effect on November 1,

1973. These changes do, to a certain extent, attempt to meet several of the specific statutory conflicts which were pointed out in connection with the earlier regulations. In particular, those related to legal services, family planning services, services for the mentally retarded, and treatment of alcoholics and drug addicts have been brought more in line with statutory provisions. However, the more basic questions raised by the new regulations remain unresolved under the November 1 regulations.

#### COMMITTEE PROVISION

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

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

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

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

The services listed are :

- (1) day care services for children,
- (2) day care services for children with special needs,
- (3) services for children in foster care,
- (4) protective services for children,
- (5) family planning services,
- (6) protective services for adults,
- (7) services for adults in foster care,
- (8) homemaker services,
- (9) chore services,
- (10) home delivered or congregate meals,
- (11) day care services for adults,
- (12) health-related services,
- (13) home management and other functional educational services,
- (14) housing improvement services,
- (15) a full-range of legal services,
- (16) transportation services,
- (17) educational and training services,
- (18) employment services,
- (19) information, referral and follow-up services,
- (20) special services for the mentally retarded,
- (21) special services for the blind,
- (22) services for alcoholism and drug addiction,
- (23) special services for the emotionally disturbed,
- (24) special services for the physically handicapped.

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

While the Committee bill is designed to give the States maximum flexibility in designing and operating their social services program, the Committee feels that there should be a public record of the use which the States make of Federal social services funds. Accordingly, the Committee bill would require the States to submit an annual report on their use of funds for social services. The Committee expects that this report will show how much each State expended for each type of services. The report should also provide information on the extent to which social services funds were used for services to persons not actually on welfare and the extent to which such funds were used for the purchase of services from organizations outside the welfare agency. The Committee emphasizes that under this reporting require-

ment, the Department of Health, Education, and Welfare would have the duty of requesting appropriate information from the States and of transmitting that information to the Congress in the form of an annual report. The Department's responsibility for providing this annual report is not, however, to be interpreted as authorizing the Department to impose upon the States complex and burdensome reporting procedures. Nor is the reporting requirement to be interpreted as placing upon the Department the burden of conducting audits to provide detailed verification of these reports.

The Committee bill includes a repeal of the provisions enacted in P.L. 92-512 under which the proportion of the Federal social services funds which each State could use for non-welfare recipients was limited to 10 percent (except in the case of specified high priority services). The \$2.5 billion annual limit on Federal funding for services is retained. The Committee bill also includes a provision making explicit in the statute that donated private funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services where such funds are transferred to the State or local agency, are under its administrative control, and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

The new social services provisions would be effective as of November 1, 1973. However, the Committee bill would not result in fiscal 1974 Federal expenditures for social services exceeding \$1.9 billion, the amount included in the President's budget.

Each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of their expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining current expenditure levels and \$1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the \$2.5 billion limit enacted in 1972, except that \$50 million would be available for allocation by the Secretary of Health, Education, and Welfare as necessary to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the \$2.5 billion limit under a savings clause in Public Law 92-603) from falling below fiscal 1973 funding levels. It is anticipated that considerably less than \$50 million will be required to meet this objective, and the Committee bill provides that the remainder be allocated by the Secretary to States which would otherwise be limited under the basic formula to a relatively small part of their regular allocation under the full \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974. Part of this \$50 million could also be used for funding programs with a potential for yielding a high level of benefit in relation to the costs involved.

The estimated State entitlements in fiscal years 1974 and 1975 are shown in table 7.

Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974

[Dollars in thousands]

State	Estimated funding for fiscal year 1973	Fiscal year 1974 funding to continue current funding level <sup>1</sup>	Allocation of funds above current level (up to \$1.9 billion)	Total fiscal year 1974 funding available under bill	Funding available in fiscal year 1975
Totals.....	\$1,548,219	\$1,598,096	<sup>2,3</sup> \$301,904	<sup>3</sup> \$1,900,000	\$2,500,000
Alabama.....	16,279	19,980	5,032	25,012	42,140
Alaska.....	5,895	3,637	2,258	5,895	3,901
Arizona.....	3,182	3,400	2,788	6,188	23,351
Arkansas.....	7,236	7,488	2,835	10,323	23,747
California.....	211,584	221,733	24,000	245,733	245,733
Colorado.....	21,880	25,200	3,098	28,298	28,298
Connecticut.....	21,067	27,795	4,418	32,213	37,002
Delaware.....	9,297	6,783	2,514	9,297	6,783
District of Columbia.....	8,320	8,976	4	8,980	8,980
Florida.....	42,025	62,033	10,406	72,439	87,150
Georgia.....	48,488	48,000	6,766	54,766	56,667
Hawaii.....	2,321	7,564	1,160	8,724	9,712
Idaho.....	4,703	6,000	1,084	7,084	9,076
Illinois.....	131,371	68,904	16,128	85,032	135,076
Indiana.....	7,230	7,283	7,584	14,867	63,522

Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974—Continued

[Dollars in thousands]

State	Estimated funding for fiscal year 1973	Fiscal year 1974 funding to continue current funding level <sup>1</sup>	Allocation of funds above current level (up to \$1.9 billion)	Total fiscal year 1974 funding available under bill	Funding available in fiscal year 1975
Iowa.....	\$12,674	\$14,700	\$4,133	\$18,833	\$34,612
Kansas.....	6,902	7,200	3,237	10,437	27,109
Kentucky.....	25,772	26,032	4,729	30,761	39,607
Louisiana.....	20,738	25,812	5,332	31,144	44,661
Maine.....	8,672	7,500	1,475	8,975	12,354
Maryland.....	26,897	45,872	2,823	48,695	48,695
Massachusetts.....	16,963	21,432	8,295	29,727	69,477
Michigan.....	55,341	75,000	13,019	88,019	109,036
Minnesota.....	29,317	32,000	5,585	37,585	46,774
Mississippi.....	11,541	9,000	3,244	12,244	27,169
Missouri.....	15,069	18,000	6,813	24,813	57,063
Montana.....	3,731	4,860	1,031	5,891	8,632
Nebraska.....	9,959	10,244	2,186	12,430	18,309
Nevada.....	1,751	1,980	755	2,735	6,327
New Hampshire.....	4,048	6,589	1,105	7,694	9,256
New Jersey.....	38,482	40,696	10,561	51,257	88,446
New Mexico.....	6,718	9,856	1,527	11,383	12,786

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New York.....	220,497	220,497	0	220,497	220,497
North Carolina.....	20,317	30,293	7,423	37,716	62,598
North Dakota.....	3,998	4,495	906	5,401	7,588
Ohio.....	41,653	48,000	15,458	63,458	129,458
Oklahoma.....	24,806	28,216	3,407	31,623	31,623
Oregon.....	26,196	26,196	0	26,196	26,196
Pennsylvania.....	87,931	84,804	17,095	101,899	143,180
Rhode Island.....	9,418	9,212	1,387	10,599	11,622
South Carolina.....	9,752	13,520	3,820	17,340	31,995
South Dakota.....	2,469	2,340	974	3,314	8,152
Tennessee.....	24,956	20,000	5,778	25,778	48,395
Texas.....	99,087	90,544	16,698	107,242	139,855
Utah.....	5,479	5,400	1,614	7,014	13,518
Vermont.....	3,172	4,500	662	5,162	5,547
Virginia.....	20,212	24,310	6,829	31,139	57,195
Washington.....	49,672	35,168	13,271	48,439	41,336
West Virginia.....	8,171	13,520	2,553	16,073	21,382
Wisconsin.....	54,266	54,266	0	54,266	54,266
Wyoming.....	714	1,266	495	1,761	4,142

<sup>1</sup> 4 times the funding level attained in the July-September 1973 quarter (but not exceeding State's maximum allocation under \$2,500,000,000 limit). Based on HEW adjusted estimates of State expenditures for that quarter.

<sup>2</sup> Allocation on population basis. Includes amounts (not exceeding amounts available for the 1st quarter of fiscal 1973 under sec. 403 of Public Law 92-603) necessary to maintain States at fiscal year

1973 funding level: Alaska, \$1,994,000; Delaware, \$2,514,000; and Washington, \$8,336,000.

<sup>3</sup> Includes about \$37,000,000 (not shown as allocated) available to States which have already planned an expansion of their service programs in fiscal year 1974 and for funding of high priority programs.

Source: Prepared based on material submitted by the Department of Health, Education, and Welfare.



## VI. CHILD WELFARE SERVICES

## National Adoption Information Exchange System

(Sec. 141 of the bill)

The Committee bill would authorize \$1 million in fiscal year 1974 (and thereafter, such sums as may be necessary) for a Federal program to help find adoptive homes for hard-to-place children. The provision would authorize the Secretary of HEW to "provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption."

This program is patterned after the Adoption Resource Exchange of North America (ARENA), which was established by the Child Welfare League of America in 1967. Its purpose is to bring together for adoption those children for whom public and private adoption agencies in the United States and Canada can find no adoptive families, and families for whom agencies have no children. A particular objective of ARENA has been to find more homes for children of minority groups, mixed racial background, and children with physical or psychological handicaps. Agencies register children who are waiting to be adopted, and families who are waiting to receive a child. Thus, ARENA makes the adoption agencies of North America a part of a large network of adoption resources. This effort helps to overcome uneven availability of homeless children and suitable adoptive families.

The Committee bill is aimed at making the program more effective by providing for the utilization of computers and modern data processing methods. Such a computerized system would encourage and make possible many more registrations of children and families than is presently possible.

## Child Abuse and Neglect; Protective Services

(Sec. 142 of the bill)

Last year the Congress substantially increased the authorization for Federal grants to States for child welfare services. At the time, it was recognized that foster care represented the largest single child welfare expenditure on the county level, and it was anticipated that the bulk of the new funds authorized would be used to pay for foster care. Yet the law enacted last year did not earmark amounts specifically for foster care, for the Congress wished to permit States and counties to expand preventive child welfare services with the aim of avoiding the need for foster care wherever possible.

In its report on last year's Social Security Amendments, the Finance Committee stated:

The committee urges States to eliminate any barriers hampering the provision of protective services to keep families together, and to make greater efforts to work with families wherever appro-

priate in order to prevent the need for placing children in foster care.

The Committee recognizes that child neglect and lack of protective services for children represent the most common situations which result in a need for foster care. The Committee bill builds on last year's Congressional action by specifically requiring States to play a more active role in detecting and dealing with child abuse and neglect so that children may remain in their homes.

Specifically, the Committee bill adds new requirements to both the AFDC program and the child welfare services program. States will be required as part of their AFDC program to provide services to prevent, identify, and treat child abuse and neglect and, wherever feasible, to make it possible for the child to remain in the home. If the situation has deteriorated to the point that the home is unsuitable, this fact will have to be brought to the attention of the appropriate court or law enforcement agency.

Similarly, new requirements are added to the child welfare services program requiring States to establish protective services for children to discover and report child neglect or abuse, with provision of services, where feasible, to make it possible for the child to remain in his home.

## VII. CHILD SUPPORT

(Sec. 151 of the bill)

The problem of welfare in the United States is, to a considerable extent, a problem of the non-support of children by their absent parents. Of the 11 million recipients who are now receiving Aid to Families With Dependent Children (AFDC), 3 out of every 4 are on the rolls because they have been deprived of the support of a parent who has absented himself from the home.

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

Aid to Families with Dependent Children (AFDC) offers welfare payments to families in which the father is dead, absent, disabled or, at the State's option, unemployed. When the AFDC program was first enacted in the 1930's, death of the father was the major basis for eligibility. With the subsequent enactment of survivor benefits under the social security program, however, the portion of the caseload eligible because of the father's death has grown proportionately smaller, from 42 percent in 1940 to 7.7 percent in 1961 and 4.3 percent in 1971. The percentage of AFDC families in which the father is disabled has diminished from 18.1 percent in 1961 to 9.8 percent in 1971.

*Absent fathers.*—It is in those families in which the father is "absent from the home" that the most substantial growth has occurred. As a percentage of the total caseload, AFDC families in which the

father was absent from the home increased from 66.7 percent in 1961 to 74.2 percent in 1967, 75.4 percent in 1969, and to 76.2 percent in 1971.

In terms of numbers of recipients rather than percentages, 2.4 million persons were receiving AFDC in 1961 because the father was absent from the home. By 1967, that figure had grown to 3.9 million and by 1969 to 5.5 million. By the beginning of 1971, 7.5 million persons were receiving AFDC because of the father's absence from the home, and by the end of June 1973 that figure had grown to almost 8.3 million. Thus, in the past 5½ years, families with absent fathers have contributed about 4.4 million additional recipients to the AFDC rolls.

What kinds of families are these in which the father is absent from the home? Basically, they represent situations in which the marriage has broken up or in which the father never married the mother in the first place. In 45.2 percent of the AFDC families on the rolls in the beginning of 1971, the father was either divorced or legally separated from the mother, separated without court decree, or he had deserted the family. And in an additional 27.7 percent of the families receiving AFDC in 1971, the mother was not married to the father of the child. Applying that percentage to the June 1973 caseload, over 3 million AFDC recipients today are found in families where the father is not married to the mother.

### **Failure To Enforce Child Support**

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

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

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

[The fathers] have not disappeared. Usually they were living in the same county as their children. They were not supporting many other children. Ninety-two percent of the nonsupporting fathers had a total of three or fewer children.

Only 13 percent were married to other women, with another 1 percent each divorced or separated from another or of unknown marital status. The nonwelfare fathers were more likely to have remarried; the welfare fathers were more likely to be still married to the "complaining witness."

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

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

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

From 1959 to 1968, while the proportion of all families in poverty declined from 20 to 10 percent, and the rate for male-headed families went down to 7 percent, poverty among female-headed families increased to 32 percent. In 1970 it reached 36 percent, and 18 percent of college-educated female heads of families were poor—the corresponding figure for males is 3 percent.

During the years 1961 to 1968, middle-class women appeared on the AFDC rolls in large enough numbers to raise the average educational and occupational level of recipients. They become eligible for aid when prevented from working by serious problems—and they somehow managed, while still eligible, to go off the rolls at twice their proportion in the active caseload. How many went on welfare to obtain enforcement of child support orders?

### Present Law

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

for the child from the deserting parent, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The State welfare agency is further required to enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The effectiveness of the provisions of present law has varied widely among the States.

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

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

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

"HEW has not conducted a State by State study to determine how well States are meeting each of the requirements in Federal regulations.

"Some Regional Administrative reviews have been conducted and you are no doubt familiar with the recent GAO report. We know that a number of States are doing a creditable job, including California, West Virginia, and Washington."

A Committee staff survey of about 20 States elicited the information shown in table 8. Those States which did assess administrative costs in terms of support collected indicated that in general about twenty cents in collection costs resulted in a dollar return of support payments.

TABLE 8.—CHILD SUPPORT COLLECTIONS, ON BEHALF OF  
AFDC RECIPIENTS, FISCAL YEAR 1973

(In thousands)

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

<sup>1</sup> Fiscal year 1972 collections: Latest available data.

Source: State estimates.

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

#### Committee Bill

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

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

#### Federal Duties and Responsibilities

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

To assist and oversee the operations of State child support programs the Department of Health, Education, and Welfare would be required to set up a separate organizational unit under the direct con-

trol of an Assistant Secretary for child support who would report directly to the Secretary. This agency would review and approve State child support plans, evaluate and conduct annual and special audits of the implementation of the child support program in each State and provide technical assistance to the States to help them to establish effective systems for determining paternity and collecting support.

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

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

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

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

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

A State will not be found to have an acceptable program unless it adequately cooperates in obtaining child support payments from the absent parent of an AFDC child who resides in another State. In evaluating the adequacy of a State's cooperation with other States, the Secretary should give consideration to the effective implementation of the Uniform Reciprocal Enforcement of Support Act. States which are experiencing lack of cooperation with other jurisdictions in enforcing the provisions of this uniform act should promptly report this information to the Federal child support agency. If States must

request access to Federal courts because of the failure of a particular State to enforce actions originating out of the State, this should also lead the Secretary to question the effectiveness of that State's child support program. In evaluating State child support programs, the Secretary should take into account the Uniform Parentage Act recently approved by The National Conference of Commissioners on Uniform State Laws.

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

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

If as a result of an annual or special audit of a State's child support program, the Department finds that the program is not being operated in accordance with its approved plan or otherwise does not meet the minimum standards imposed by Federal law and regulation, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable lead time to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1976. However, the Committee expects the Department of Health, Education, and Welfare and the States to move as expeditiously as possible to establish improved child support programs.

#### **Locating a Deserting Parent; Access to Information**

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



As a further aid in location efforts, welfare information now withheld from public officials under regulations concerning confidentiality would be made available by the Committee bill; this information would also be available for other official purposes. The current regulations are based on a provision in the Social Security Act which since 1939 has required State programs of Aid to Families with Dependent Children to "provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of Aid to Families with Dependent Children." This provision was designed to prevent harassment of welfare recipients. The Committee bill would make it clear that this requirement may not be used to prevent a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official from obtaining information required in connection with his official duties such as obtaining support payments or prosecuting fraud or other criminal or civil violations.

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

#### Collection of Support Payments by State and Local Agencies

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

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

The support obligation would become a debt owed by the absent father to the State. The amount of this debt would be determined by a court order if one were in existence. In the absence of a court order the amount of the obligation would be an amount determined by the State in accordance with a formula approved by the Secretary of HEW. Also, a provision has been included to assure that the rights of

the wife and child are not discharged in bankruptcy merely because the support obligation is a debt to the State.

Federal matching of the State administrative costs will be increased from 50 percent to 75 percent under the Committee bill. Such matching will apply to expenditures under the State or local support programs which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent.

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

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

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

#### **Incentives for Localities To Collect Support Payments**

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

matching, the Federal Government is reimbursed \$75 for each \$100 collected.

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

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

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

### **Establishing Paternity**

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

*Current status of children born out of wedlock.*—Children whose parents have never married present a serious problem of support and care. At common law such a child was a “son of nobody” and neither parent could be held responsible for it. The original laws imposing support of the child on a parent were enacted solely to prevent the community from having the child as a public charge. In many States, it is possible for the State’s attorney, or the public welfare authorities, to bring an action against the man who is alleged to be the father of the child.

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

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

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

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

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

as possible fathers, then it is of considerable significance that this particular man (if he has been linked with this mother by other evidence) is not excluded. That "significance," of course, falls short of the absolute certainty involved in an exclusion but, in a given case, may equal that of other types of circumstantial evidence.

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

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

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

#### Attachment of Federal Wages

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

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

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

or its Disbursing Officers. This cannot be done either directly, or indirectly through the appointment of a sequestrator or receiver or by contempt order against the debtor defendant. *McGrew vs. McGrew*, 59, App. D.C. 230, 38 F. 2d 541.

This is not a question of any right of personal exemption on the part of the defendant Applegate but of the sovereign immunity of the United States from suits to which it has not consented.

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

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

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

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

#### **Distribution of Proceeds**

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

States would be required to make the AFDC payment without a reduction for child support collections until the proceeds exceed the assistance payment. All collections of child support would be made by the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance. In any month in which the amount of support collected is sufficient to completely repay the amount

of the assistance payment for that month, the family would not be considered to be eligible for AFDC for that month.

### **Support Collection for Non-Welfare Families**

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

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

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

### **Effective Date**

The garnishment of Federal wages would be effective January 1, 1974; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1976; and the other child support provisions of the Committee bill would be effective July 1, 1974.

## **VIII. AID TO FAMILIES WITH DEPENDENT CHILDREN**

### **Pass-Along of Social Security Benefit Increase to AFDC Recipients**

(Sec. 161 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 at least part of 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. This provision would be effective as of the first month in which increased social security benefits are paid under the bill's social security benefit increase provisions.

### **Modification of Earnings Disregard Provision**

(Sec. 162 of the bill)

*Present law.*—Under present law States are required, in determining need for Aid to Families with Dependent Children, to disregard:

1. All earned income of a child who is a full-time student, or a part-time student who is not a full-time employee; and
2. The first \$30 earned monthly by an adult plus one-third of additional earnings. Costs related to work (such as transportation costs) are also deducted from earnings in calculating the amount of the welfare benefit.

Two problems have been raised concerning the earned income disregard under present law. First, Federal law neither defines nor limits what may be considered a work-related expense, and this has led to great variation among States and to some cases of abuse. Second, some States have complained that the lack of an upper limit on the earned income disregard has the effect of keeping people on welfare even after they are working full time at wages well above the poverty line.

*Committee provision.*—The committee bill would deal with both of these problems by modifying the earnings disregard formula and by allowing only day care as a separate deductible work expense (with reasonable limitations on the amount allowable for day care expenses). Under the Committee bill, States would be required to disregard the first \$60 earned monthly by an individual working full time (\$30 in the case of an individual working part-time) plus one-third of the next \$300 earned plus one-fifth of amounts earned above this. The differential between full time and part time employment is designed to encourage recipients to move into full time jobs.

### **Community Work and Training Programs**

(Sec. 163 of the bill)

Prior to the enactment of the Work Incentive Program as part of the 1967 Social Security Amendments, the Federal AFDC statute permitted Federal matching of AFDC payments made to recipients participating in a community work training program. Since the enactment of the WIN program, however, the Department of Health, Education, and Welfare has taken the position that the Federal Government will not share in AFDC payments to recipients who are required by State law to participate in an employment program—unless the program either is part of the Work Incentive Program or is administered under the Economic Opportunity Act. This has been true even though the Work Incentive Program was not in effect in all areas of a State.



Under the committee bill, the community work training provisions in the law prior to the 1967 amendments would be reenacted so that States wishing to have such programs could do so under the standards provided by the legislation.

**Authority for States To Operate Demonstration Projects Making Employment More Attractive for Welfare Recipients**

(Sec. 164 of the bill)

The Committee notes that under existing law, there is considerable authority at the Federal level to carry on research and demonstration on better ways of developing work incentives for welfare recipients. Exclusive use of this approach, however, ignores one of the basic strengths of federalism; namely, that individual States should be free to experiment with better ways of solving Governmental problems. A number of States have attempted to institute innovative employment programs for welfare recipients but they have been inhibited by HEW because of its slowness to act under current demonstration authority. The Committee bill will alleviate this situation.

*Present law*

Section 1115 of the Social Security Act allows the Secretary of Health, Education, and Welfare to waive any of the State plan requirements of the Federal welfare law for the sake of experimental, pilot, or demonstration projects which in the Secretary's judgment are likely to assist in promoting the objectives of the welfare programs.

*Proposal*

Under the Committee bill, this authority would be both broadened and made more explicit to emphasize a major objective for demonstration projects. This objective is to permit States to achieve more efficient and effective use of funds for public assistance recipients to reduce dependency, to improve the living conditions and increase the incomes of persons who are on assistance (or who would be on assistance if they were not participating in the demonstration project) by conducting experiments designed to make employment more attractive for welfare recipients.

States would be limited to not more than 3 demonstration projects under this authority; one of the projects could be Statewide. None of the projects could last for more than two years, and all authority for the projects would terminate June 30, 1976.

In pursuing these objectives under the Committee bill, States would be permitted for demonstration purposes to waive the requirements of the Aid to Families with Dependent Children program relating to (1) Statewideness; (2) administration by a single State agency; (3) the earned income disregard (but in no case could a State offer an earned income disregard of more than 50 percent); and (4) registration in the Work Incentive Program and other requirements related to that program. The State could waive any or all of these requirements on its own initiative unless and until the Secretary disapproved the waiver as inconsistent with the purposes of section 1115 and the AFDC law. If the waiver was disapproved by the Secretary, the demonstra-

tion project would terminate by the end of the month following the month in which it was disapproved.

As part of a demonstration project, the State could use welfare funds to pay part of the cost of public service employment. The State could then take this amount and add additional amounts to pay a wage substantially higher than the amount of the welfare payment. Under the Committee bill, revenue sharing funds could be used for the non-welfare share of the salaries. Wages of project participants could not be higher than that for similar work in the community. The conditions of public service employment which apply to the Work Incentive Program (relating to health and safety standards, no displacement of employed workers, working conditions, and workmen's compensation) would also apply to public service employment under these demonstration projects. The State welfare agency would also be free to contract with non-profit private institutions organized for a public purpose, such as hospitals, to carry out such projects.

When unemployed fathers are placed in public service employment. Federal matching will continue for the portion of the salary equal to the former welfare payments and it will be available for wage payments.

Public Service employment is not the only type of experimentation authorized by the Committee bill. States may wish, for example, to experiment with the income disregard. If they do so, however, they will not be allowed to conduct a test which disregards more than one-half of a welfare recipient's earned income.

Participation by welfare recipients in the demonstration projects would be voluntary.

The costs incurred by the States in conducting demonstration projects under this provision of the Committee bill would be eligible for the same Federal matching as applies to other costs of the AFDC program, subject to the limitation that the amount matchable with respect to any participant in the project may not exceed the amount which would otherwise have been payable to him under the regular provisions of the AFDC program. Thus, these projects should not result in increased Federal expenditures.

## IX. MEDICARE AND MEDICAID AMENDMENTS

### Amendments Relating to Medicaid Eligibility for Recipients Under the Supplemental Security Income Program

(Sec. 171 of the bill)

#### A. Conforming Changes

Under present law Medicaid eligibility is linked to eligibility for cash assistance under the Federal-State programs for the aged, blind, disabled or families with dependent children. Actual recipients of cash assistance are automatically eligible for Medicaid. In addition, States at their option may extend Medicaid eligibility to persons eligible for cash assistance but who are not actually receiving a payment and to persons who would receive a payment except for their residence in a medical institution. A State may also choose to cover persons whose income or resources make them ineligible for a

cash assistance payment, but who need help in meeting medical expenses; these persons are defined as medically needy.

When Congress passed the Supplemental Security Income (SSI) program, which next January will replace the Federal-State cash assistance programs for the aged, blind and disabled, by oversight the necessary conforming changes were not made in the Medicaid (Title XIX) law to reflect the Federalization of the adult categories under Title XVI. Medicaid eligibility is thus linked only to eligibility for cash assistance under the old Federal-State programs which expire December 31, 1973.

The Committee bill therefore makes the necessary conforming changes, effective January 1, 1974, to allow Federal matching under Title XIX for persons eligible for the SSI program.

#### **B. Mandatory Extension of Medicaid Coverage**

States are required by P.L. 93-66, as a condition for Medicaid matching, to pay a mandatory supplement to any recipient of assistance in December 1973 who is receiving more than the Federal SSI amount, until such time that his income changes or he otherwise becomes ineligible. All persons who would qualify for the mandatory supplement are eligible for Medicaid under current law on the basis of their receipt of cash assistance. Although the Congress required States to pay a mandatory supplement to persons on the rolls in December who receive more than \$130 under the current cash assistance programs (due to rise to \$140 under the Committee bill), it did not specifically require that States continue Medicaid benefits for these persons. If States are given the option as to whether to cover persons who receive only a State supplementary payment, some current recipients may lose coverage and be disadvantaged by the changes resulting from the new SSI program.

The Committee bill therefore requires States to continue Medicaid coverage for persons who receive mandatory State supplementary benefits until such time as the person becomes ineligible for the mandatory supplement. Since these are persons who are already covered under the current Medicaid program, this would not represent an increased cost to the States. For all other recipients of State supplements only (that is, persons coming on the rolls for the first time after December 1973 whose income is too high for them to be eligible for SSI payments but who are eligible for a State supplementary payment), the State would have an option as to whether they would cover them.

#### **C. Medicaid Eligibility Determinations**

Under present law, all aged, blind, and disabled recipients of cash assistance are automatically eligible for Medicaid, and Federal matching is available for medical services provided to them. The SSI payment levels are higher than present payments to the aged, blind, and disabled in a number of States; in order not to impose a substantial fiscal burden on these States, a provision was written into the Medicaid law allowing a State the option of either covering all SSI recipients or not covering the newly eligible SSI recipients who would not have met the State's January 1, 1972 standard for determining Medicaid eligibility. However, the provision did not specify the criteria for Medicaid

eligibility which would be applicable to persons receiving State supplementary payments only.

The Committee notes that making all persons who receive an SSI payment eligible for Medicaid matching does not automatically assure that all recipients of cash payments authorized under the new Title XVI (SSI program) will be eligible for Medicaid matching. Some persons will receive only a State supplementary payment; because their countable income is more than \$140 (\$146 effective July 1, 1974) they will not receive an SSI benefit. Many of these persons are currently eligible for Medicaid on the basis of their receipt of cash assistance under the current adult titles and therefore would continue their eligibility under the Committee amendment. However, persons newly eligible for cash payments as State-supplement-only individuals would be precluded from coverage if States are not allowed Medicaid matching to cover these persons as cash assistance recipients for purposes of Title XIX. In States with a medically needy program such persons could become eligible after incurring medical expenses equal to the difference between their income and the State's medically needy standard. In States without a medically needy program, State-supplement-only individuals would be excluded unless the State chose to institute such a program.

The Committee amendment would allow all States the option of covering all persons or a reasonable classification of persons who receive only State supplementary payments under Medicaid, regardless of whether the supplement is federally or State administered. Eligibility must, however, be based on rational classifications (such as the aged, or the blind, or the disabled or persons in domiciliary care).

The Social Security Amendments of 1972 included a provision requiring States who do not cover all SSI recipients under Medicaid to make eligible aged, blind or disabled persons who meet all other eligibility requirements and whose medical expenses reduce their income to the medical assistance eligibility level. Here, too, a clarification is needed.

The Committee bill specifies that persons who become eligible for Medicaid under this "spend-down" provision will be deemed "categorically needy" (that is, the equivalent, for Medicaid purposes, of cash assistance recipients) in States which do not have medically needy programs. In States which cover the medically needy, such persons would be deemed categorically needy if (1) they are receiving or are eligible to receive a State supplementary payment and similarly situated individuals are similarly treated; or (2) they are an individual or spouse eligible to receive a Title XVI benefit. Persons not meeting the income criteria for cash assistance would be deemed medically needy.

#### **D. Medicaid Coverage of Institutionalized Individuals**

Under current law, States are permitted to make institutionalized individuals eligible for Medicaid by declaring that such persons would need cash assistance if they were outside the institution. States establish this standard of need (usually higher than the standard applicable to noninstitutionalized individuals) in their cash assistance programs for the aged, blind, and disabled.

Allowing States to cover under Medicaid any persons (or reasonable classification of persons) receiving State supplementary payments, combined with the option of providing Medicaid to anyone who would need a supplement if they were outside the institution, would potentially allow States to make all persons in nursing homes eligible for federally-matched Medicaid services, regardless of their income. Any nursing home patient who could not pay his nursing home bill could simply be deemed to be in need of a supplementary payment and therefore eligible for Medicaid. There would be no limit on what income level the State could set in order to bring in Federal Medicaid matching dollars for its institutionalized population.

In recognition of this problem, the Department of HEW has recommended limiting the income level at which a person could be deemed to be in need of a supplementary payment when he was in a nursing home to 133 $\frac{1}{3}$  percent of the State's July 1972 payment standards for cash assistance (or, if higher, 133 $\frac{1}{3}$  percent of the adjusted payment level). Application of this standard would result in considerable hardship for institutionalized individuals residing in the 26 States which do not have medically needy programs. The standard suggested by the Department would result in great variation between the States in their ability to make nursing home patients eligible for Medicaid. Georgia and Arkansas, for example, could not cover people with countable incomes of more than \$150.

The Committee bill therefore allows a State to deem an institutionalized person in need of a supplementary payment if his income is within 300 percent of the SSI benefit level applicable to a noninstitutionalized individual with no other income. In effect, this would mean that an institutionalized person with an income of up to \$420 a month before application of any income disregards (\$438 a month effective July 1, 1974) could be eligible to have Medicaid matching payments made in his behalf. This limitation would be the same nationwide and so would treat all States equitably, would allow most nursing home recipients to be covered, and yet would assure that nursing home patients would be reasonably in need when compared to other Medicaid eligibles. The Committee notes that this limitation would not apply to current Medicaid eligibles in nursing homes who were grandfathered into continued Title XIX coverage by Section 231 of P.L. 93-66.

### **Health Maintenance Organizations Under Medicaid**

(Sec. 172 of the bill)

Under present law, States may enter into contracts with health maintenance organizations (HMO's) for providing Medicaid services to Medicaid eligibles virtually without restriction. The Committee is concerned that capitation payments to HMO's may be higher than those a State might pay if the patients were treated outside of the HMO. The Committee is also concerned that, unlike the case with Medicare, there are no statutory requirements with respect to basic quality of care standards applicable to Medicaid HMO's to protect recipients.

In general, the Committee believes that the appropriate quality assurance standards and reimbursement limitations on capitation pay-

ments for HMO's participating in the Medicare program, as set forth in Section 1876 of the law, should, with certain exceptions and modifications, constitute requirements for participation under title XIX. These include requirements for services of a sufficient number of primary and specialty care physicians, effective arrangements to assure access to qualified practitioners in those specialties which are generally available in the area, demonstrated proof of financial responsibility and capability to provide comprehensive health services, and assurances that required health services are delivered promptly and appropriately. The Committee recognizes, however, that certain exceptions to the Medicare provisions must be made to take into account the differences between the two programs.

While it is not known how many of the HMO's currently participating under Title XIX through provision of services on a capitation basis to Title XIX eligibles would be unable to meet the general standards set for participation in Title XVIII, it is apparent to the Committee that the requirements as to minimum enrollment and the required two years of previous experience might hinder State efforts to enroll recipients in newer and otherwise qualified and capable developing organizations. Thus the Committee amendment authorizes incentive capitation payments to otherwise qualified organizations without requiring that they have at least two years of operating experience.

The Committee has also included in its amendment an alternative enrollment standard which appears more appropriate to Medicaid. This standard sets a required minimum enrollment of 5,000 individuals, in general, at least half of whom may not be Title XVIII or XIX recipients. This minimum enrollment requirement is less than the 25,000 minimum required for Medicare.

The Committee amendment also provides that the reimbursement method and types and amounts of allowable expenses otherwise recognized for reimbursement must be substantially the same as those under Section 1876 of Title XVIII.

While *individual* capitation may be appropriate for Medicare, it is not appropriate for Medicaid except with respect to persons eligible for old-age assistance and similar situations where assistance eligibility is individually determined. In the case of families, the Secretary should by regulation require HMO's to be reimbursed on a family capitation basis and not in terms of an individual rate for each family member. Similarly, calculations of costs outside the HMO should be made on a family basis.

#### Medicaid: Payment to Substandard Facilities

(Sec. 173 of the bill)

Section 249D of P.L. 92-603 amended Title XI of the Social Security Act to provide that there will be no Federal matching payment available under the cash assistance titles for a payment made to a person in an institution to the extent that the payment is made for institutional care which is or could be provided under Title XIX. The Committee included this provision in P.L. 92-603 to prohibit the practice existing in some States whereby the State used its cash grant programs to finance care in institutions which were ineligible for matching under

Medicaid because they did not meet Medicaid standards of health and safety. Federal matching for cash payments provided for this purpose were prohibited.

With the implementation of the SSI program, there will no longer be any formal Federal "matching" in the cash assistance programs for the aged, blind and disabled. The basic Federal payment, however, represents a matching payment in that States use it as a base for any State supplementary payment amounts. Section 249D as presently worded may not be sufficient to preclude States from providing a supplementary payment which, in combination with the basic Federal benefit, could be used to circumvent the institutional health and safety standards of Title XIX by paying for inpatient institutional care in substandard nursing homes which could be provided through the cash grant program.

The Committee bill, therefore, amends Title XVI to provide that the Federal SSI payment will be reduced dollar for dollar for any State supplementary payment (or State vendor payment to an institution) which is made for care provided to an institutionalized individual if this care could be provided under the State's Medicaid program.

#### **Federal Matching Under Medicaid for Care to Indians**

(Sec. 174 of the bill)

Under the Indian Health Service Program of the Public Health Service Act, full Federal financing is available for the cost of providing health services to Indians. In States with a Medicaid program, Indians may receive covered care if they meet the appropriate eligibility criteria.

The Federal portion of payments made by States under Medicaid ranges between 50-83 percent of the reasonable cost of covered services.

The Committee notes that with respect to matters relating to Indians, the Federal Government has traditionally assumed major responsibility. The Committee wishes to assure that a State's election to participate in the Medicaid program will not result in a lessening of Federal support of health care services for this population group, or that the effect of Medicaid coverage be to shift to States a financial burden previously borne by the Federal Government.

The Committee has therefore included an amendment which will increase the Federal matching under Medicaid (effective January 1, 1974) to 100 percent with respect to services provided individuals who at any time during the year preceding the month in which the services were received were eligible for services under the Indian Health Services Program and resided on or adjacent to a Federal Indian Reservation.

#### **Buy-In Agreement Under Medicare**

(Sec. 175 of the bill)

Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program.

The Committee is concerned that this results in an inequitable hardship on Arizona, which is not currently participating in the Medicaid program.

The Committee bill therefore includes an amendment which provides that, effective January 1, 1974, a State which did not have a Medicaid program as of October 1, 1973 shall be deemed to have a Medicaid program for purposes of Federal matching for the buy-in under Part B of Medicare for covered individuals.

### **Payment for Supervisory Physicians in Teaching Hospitals**

(Sec. 176 of the bill)

Section 227 of P.L. 92-603, the Social Security Amendments of 1972, dealt with payment for supervisory physicians in teaching hospitals. The primary objective of the provision was to make it clear that fee-for-service reimbursement should be paid for the teaching physician's services only where the patient is a bona fide private patient. The Report of the Committee on Finance which accompanied the provision explained its concept of "private patient" in some detail. However, because of the extremely wide variety of teaching programs throughout the country and the lack of reliable data on the character of the professional care and the nature of the financial arrangements established to support the physicians' services rendered in them, the law authorized the Secretary to define "private patient" by regulation.

In its comments to the Department of Health, Education, and Welfare on the regulation proposed by the Secretary to define "private patient" for Medicare reimbursement purposes, the Association of American Medical Colleges submitted a report to the Secretary which, among other things, assessed for the first time the financial and programmatic impact of the proposed regulations on six unnamed member medical schools and teaching hospitals. While the data presented in this study are far too limited to serve as a basis for drawing conclusions about the appropriateness of the proposed regulations, they do raise questions about the impact of both the present and proposed reimbursement policies which deserve further study.

The committee amendment would authorize and direct that a more extensive study be done including at least 40 or 50 hospitals.

The study, which would be carried out at medicare expense, would encompass all aspects of third party financing for professional services rendered in the medical school and teaching hospital setting. The study would be carried out by personnel of the Social Security Administration who would be assisted to the extent they deem appropriate by personnel from the Association of American Medical Colleges as well as others with necessary expertise. In view of the limited time in which the study must be completed and for reasons such as the broad scope of the undertaking, the Committee would assume that the Social Security Administration would also find it useful to utilize the services of non-governmental organizations and persons other than the AAMC who could contribute substantial fiscal, administrative and program expertise in the areas of Medicare, Medicaid, patient care and graduate medical education. Representatives of the Association have agreed to cooperate fully with the Social Security Administration in obtain-



ing the needed information and have stated that they will strongly urge their member medical schools and teaching hospitals to lend their full cooperation to the effort.

The study would describe both past and current practices of both private and public health insurance programs, relating to the payment for the services of supervisory and teaching physicians. The study would describe variations which exist among different teaching settings and variations which exist in the relationship between patients and physicians in these various settings.

The study would include data on the costs of providing teaching and supervisory services and it would include data on the extent of current fee-for-service and other reimbursement from public and private programs.

The study would analyze the impact of various alternative methods of financing professional services in a teaching setting. Both the fiscal and the programmatic aspects of various reimbursement mechanisms would be analyzed. Special attention would be given to the impact of current Medicare reimbursement mechanisms and the mechanisms outlined under Public Law 92-603.

In view of the expanding role of public health insurance programs, the study would analyze the effect of Government reimbursement policy not only on the institutions involved, but also on the practices of private insurers, and the Federal budget.

The amendment calls for the Secretary to submit a report of his findings, including any recommendations for legislative changes he may deem appropriate, to the Congress on or before July 1, 1974, but in no case may it be submitted later than December 31, 1974.

In view of the prospect that the information derived from the study could point up problems in the Secretary's proposed regulations or the law that should be remedied, the amendment would defer the implementation of the private-patient requirement of Public Law 92-603 for 1 year, so that it would be effective for hospital accounting years that begin after June 30, 1974. Moreover, under the amendment the Secretary could, if he believes that further study is warranted, defer implementation of the 1972 provision for an additional 6 months.

The 1972 legislation also provided for more favorable cost reimbursement than had been available previously where fee-for-service reimbursement is not paid for the services of a teaching physician. Since there is no reason to defer the implementation of these more favorable cost reimbursement provisions in teaching hospitals where no fee-for-service reimbursement is paid, the amendment would retain the original effective date insofar as these hospitals are concerned.

#### Medicare Administration and Policy

(Sec. 181 of the bill)

When Medicare was enacted, the Social Security Administration was given responsibility for the implementation of the legislation. That organization was delegated authority in the Department for Medicare administration policy, and operations. It was understood that the Social Security Administration would rely upon the health arm of the Department as its chief consultant on policy matters within

the areas of its expertise on the health professions. However, the Social Security Administration had the responsibility for deciding when the advice of the health arm should be accepted because the primary orientation of the program was the welfare of the beneficiaries and the smooth functioning of the Medicare program and not other goals which the Department might have.

In the last two years there has been a general erosion of the Social Security Administration's responsibility for Medicare policy and administration. This responsibility has increasingly been assigned to the health segment in the Department. The effect has sometimes been less a change in direction than an absence of direction. Decisionmaking has been slowed to a point of greatly reduced effectiveness. Where decisions have been made by the health arm, these decisions have sometimes resulted in failure to follow Congressional intent.

The transfer, dilution and division of responsibility tends to reduce the capacity of the legislative committees having jurisdiction over Social Security programs to exercise that jurisdiction.

The Committee has therefore approved an amendment assigning primary policy and operating responsibility for Medicare to the Social Security Administration. In view of the Secretary's commitment to improved organization and administration of the Professional Standards Review responsibilities, the amendment does not include assignment of those responsibilities to Social Security.

The amendment is designed to enhance responsiveness to legislative intent and assure greater accountability.

### Chronic Renal Disease

(Sec. 182 of the bill)

The Social Security Amendments of 1972 extended Medicare coverage to include persons in need of renal transplantation or dialysis. The provision in the Social Security Amendments of 1972 which extended Medicare protection to this group authorized the Secretary of HEW to limit Medicare reimbursement for transplant and dialysis to facilities and organizations which qualify under the requirements he is authorized to establish. Under the law (sec. 226(g) of the Social Security Act) the Secretary *must* include in his standards at least a requirement for minimum utilization rates and for a medical review board to screen appropriateness of patients for treatment. Additionally, payment for services was intended to be reasonably related to the cost of providing those services. The intent of those requirements was to control the quality and cost of the dialysis and transplant services provided.

However, the Committee has found that the preliminary regulations issued by the Secretary did not establish minimum utilization rates nor provide a requirement for the establishment of medical review boards.

To assure conformance of implementation with the legislative intent of the chronic renal disease provision, the Committee has modified the law to make these requirements mandatory.

The Committee has also added to the bill specific language intended to assure that that payment for services will be reasonably related to the cost of providing those services.

## Medicare: Capital Expenditures Planning

(Sec. 183 of the bill)

Section 221 of P.L. 92-603 provides that a proposed capital expenditure of \$100,000 or more by a hospital or skilled nursing facility which is specifically disapproved by an appropriate State planning agency may not be recognized for reimbursement under Medicare and Medicaid with respect to depreciation, interest on debt or return on equity. Operation of this section in the law is voluntary on the part of a State. This section is basically consistent with the existing Comprehensive Health Planning program and essentially provides that if a State agency disapproves a major capital expenditure, limitations in Medicare and Medicaid reimbursement will follow in appropriate cases. The Federal role under this section is essentially limited to handling appeals of adverse decisions and communicating with the States.

The Committee is concerned that the Department has attempted to shift substantial costs to the Medicare trust fund in what is and has been a State-operated program financed through the Comprehensive Health Planning program. The Department has established means of using Medicare trust funds to assume a major part of the costs of operating existing State planning agencies, as well as to establish 28 new Federal positions.

The Department's approach is inconsistent with the intent of the Congress: the Federal Government's role with respect to Section 221 is to be responsive to what was an ongoing program prior to enactment of P.L. 92-603. The Medicare trust funds are not to be used as a back door approach to financing ongoing programs in HEW.

The Committee bill therefore provides that, effective July 1, 1974, authorization of reimbursement from Medicare and Medicaid for expenditures incurred under Section 221 shall be limited to those costs directly associated with preparing and transmitting reports and processing and adjudicating appeals concerning approved or disapproved capital expenditures—the only role that may reasonably be related to the Medicare and Medicaid programs.

The Committee also wishes to express its general concern that expenditures made from the Medicare trust fund for services of public or private agencies or persons other than the Social Security Administration, bear a direct relationship to the work being done for Medicare.

## Occupational Therapy Under Medicare

(Sec. 184 of the bill)

Under present law, occupational therapy services are covered under Part A when provided to Medicare beneficiaries who are inpatients in Medicare-approved hospitals or skilled nursing facilities. Patients receiving home health services under Part A or Part B are entitled to occupational therapy services only if they are receiving either intermittent skilled nursing care or physical or speech therapy. In addition to coverage as part of home health services, occupational therapy services are covered under Part B only when provided to outpatients

in Medicare-approved hospitals. Occupational therapy services provided to outpatients in a clinic, rehabilitation agency or other organized setting are not now covered.

The Committee is concerned that present law treats occupational therapy differently from physical or speech therapy on two grounds. First, occupational therapy services are not covered when outpatient services are provided through clinics and organized health settings, although physical and speech therapy services are covered in such settings. Second, patients cannot receive occupational therapy through a home health agency unless they also require skilled nursing services, physical therapy or speech therapy.

The Committee bill, therefore, eliminates these distinctions between occupational therapy and the other therapy groups. It expands the outpatient physical therapy and speech pathology benefit as provided through clinics, rehabilitation agencies, and other organized settings to include occupational therapy. Additionally, it amends the requirements for patients to qualify for home health services to provide that a need for occupational therapy alone can qualify the homebound patient for this benefit. However, the need for occupational therapy alone would not qualify a person for the service of a home health aide.

### **Basis of Medicare Payment for Services Furnished by Providers**

(Sec. 185 of the bill)

Public Law 92-603 amended the reasonable cost reimbursement provisions of titles XVIII and XIX to provide that reimbursement under Medicare to participating providers of services would be limited to the lower of the provider's reasonable costs or customary charges. This provision was made applicable to provide accounting periods beginning after December 31, 1972.

Application of the prescribed limitation could create serious financial difficulties for a substantial number of hospitals, skilled nursing facilities, and home health agencies. The problems faced by many home health agencies are particularly difficult. In the past, these agencies had only nominal charge schedules since their income was derived mainly from Medicare reasonable costs (or Medicaid allowances), sometimes supplemented by public contributions, rather than from charges collected from individual patients. These providers had intended, as of January 1, 1973, to raise their charge schedules to the level of their actual costs of providing services. However, they were prevented from adjusting their charges at that time by regulations of the Cost of Living Council under the Economic Stabilization Act. Subsequent decisions and rule adjustments now permit these providers to realign charge schedules to reflect their actual costs. However, the adjustments cannot be retroactive and, therefore, Medicare reimbursement in accounting periods beginning in 1973 will be adversely affected if the "cost or charges" provision is enforced. Therefore, the Committee has added a provision to the House bill which would delay the effective date of the cost or charges provision to accounting periods beginning after December 31, 1973.

Outpatient departments of many hospitals have become the primary source of care for many poor patients and in many instances it is not

feasible to charge and collect the full cost of such services from these patients. Some hospitals have subsidized their outpatient activities through increased charges to paying patients in the hospital. Where charges are above cost, the amendment would, of course, have no ill effects on the hospital.

However, separate consideration of the "lesser of costs or charges" provision for inpatient and outpatient activities, would be required under proposed regulations published in the September 13, 1973 *Federal Register* (Volume 38, Number 177). These regulations would impose serious financial hardships on institutions serving the poor and near-poor that have set their outpatient charges low in consideration of the patients served. The adverse impact of such a separation may fall on public hospitals and their sponsoring units of local governments and on other health care institutions providing substantial services to the poor at a time when they may or may not have the necessary financial resources available to them to maintain existing levels of services to the poor.

The Committee expects, therefore, that the proposed regulations will be reviewed by the Social Security Administration in consultation with appropriate representatives of hospitals such as the American Hospital Association, with a view toward determining whether, considering the anticipated impact of these regulations on the delivery of health services to the poor and near-poor, possible equitable and feasible alternative approaches relating to treatment of inpatient and outpatient services in combination or separately may be developed and made applicable. It is possible that this review might result in several acceptable methods of dealing with the question.

#### Medicare: Speech Pathology

(Sec. 186 of the bill)

Under present law speech pathology services are covered under Medicare when provided by approved hospitals, skilled nursing facilities, or home health agencies. Additionally, P.L. 92-603 provided that speech pathology services are covered on an outpatient basis when rendered in an organized setting.

The provision in P.L. 92-603 unintentionally penalized the speech pathologist. By incorporating through reference certain requirements applicable to physical therapy, the provision seemed to require that for Medicare reimbursement for speech pathology services there must be not only a physician's referral but also a specific physician's plan detailing the amount, duration and scope of services to be provided by the speech pathologist.

Since speech pathology involves highly specialized knowledge and training, physicians generally do not go into this type of detail when referring a patient for these services.

The Committee bill therefore clarifies that a physician's referral need not necessarily detail the amount, duration and scope of services required. The Committee notes that there would still be a requirement for physician referral and the physician would still be required to periodically review the relationship between the services rendered and his total plan of health care for the patient. Additionally, there would

continue to be a requirement that the speech pathologist have a detailed plan of treatment which could be reviewed.

#### Professional Standards Review Organizations

##### Statewide Professional Standards Review Organizations

(Sec. 187 of the bill)

Under present law, the Secretary is required to designate Professional Standards Review Organization areas by January 1, 1974. As soon as feasible after designation of areas, the Secretary is expected to contract with a qualified organization capable of assuming progressive responsibility for review of the care and services provided under Medicare and Medicaid.

It was anticipated that in smaller or more sparsely populated States PSRO area designations would be on a statewide basis. Authority to designate statewide areas was implied by the lack of a specific statutory prohibition against a statewide designation. The Committee amendment provides the Secretary with affirmative discretionary authority to designate these and other statewide PSRO areas.

In addition, the Committee does not believe that the decision as to whether to designate a statewide PSRO should be based solely upon application of an arbitrary limit based upon the number of physicians in the State. While the Committee reiterates that wherever feasible priority in designation of areas and in designation as PSRO's should be local, the amendment also prohibits the Secretary from barring consideration of designating an area on a statewide basis *solely* on account of the number of physicians in a given State. Of course, any such statewide organization seeking designation would have to satisfy other requirements including those pertaining to capacity, acceptability to physicians, and objectivity.

In determining which organization to designate as the Professional Standards Review Organization for any area, the Secretary is expected to give great weight to otherwise qualified existing organizations with demonstrated competency in review.

##### Priority in Designation of Professional Standards Review Organizations

(Sec. 188 of the bill)

PSRO areas are intended to be designated primarily on the basis of medical service areas in which the number of physicians practicing is sufficient to support objective review efforts and constitute a reasonable cross-section of the various medical specialties. Priority under the law in designation as a PSRO is intended to be given local qualified organizations of physicians determined by the Secretary as capable of undertaking review activities or anticipated to be able to do so within a reasonable period of time. The Committee bill would incorporate this legislative intent into the statute. This amendment, while specifying local priorities, does not preclude designation of a statewide area or statewide PSRO (see Sec. 187 above).

**Statewide Professional Standards Review Councils**

(Sec. 189 of the bill)

In each State with three or more PSRO's, Section 1162 of the Social Security Act provides for the establishment of a Statewide Professional Standards Review Council consisting of one physician member from each PSRO, two physicians nominated by the State medical society, two physicians nominated by the State hospital association and four public members knowledgeable in health care. The public members may include knowledgeable State or local officials. The physician members of this body, among their other responsibilities, serve to hear appeals by patients and doctors from adverse decisions of a local PSRO.

The law, however, does not provide for a Statewide Council and, therefore, for an appeals mechanism at the State level, where there are only one or two PSRO's in a State.

The Committee bill provides that in a State with two PSRO's, a Statewide Council would be established consisting of two physician representatives from each PSRO in the State plus two physicians designated by the State medical association, plus two physicians designated by the State hospital association, as well as four persons knowledgeable in health care selected by the Secretary as public representatives. Two of the public representatives would be chosen from nominees recommended by the Governor of the State.

In a State with one PSRO, a Statewide Council would be established consisting of two physicians designated by the State hospital association, four physicians nominated and elected from and by the general PSRO membership on an annual basis, plus four public representatives knowledgeable in health care selected by the Secretary. Two of the public representatives would be selected from nominees recommended by the Governor of the State.

The Statewide Council's role is one of coordination, evaluation and the hearing of appeals. It is not intended that such councils serve directly or indirectly as a means for control of PSRO operations by a State Government. The Secretary is expected to provide appropriate assurances and monitoring to prevent any such "takeover" attempts by any public entity.

**Physical Therapy and Other Therapy Services Under Medicare**

(Sec. 190 of the bill)

Under section 251(c) of Public Law 92-603, reimbursement for physical therapy and other therapy services that are provided under arrangements with providers of services would not be considered reasonable if it exceeded the cost that would have been incurred if payment had been on a reasonable salary-related basis rather than a fee-for-service basis. Under this provision, the reasonable cost of therapy services performed under arrangements may be determined by taking into account the total number of hours of service rendered by the therapist, the adjusted hourly salary equivalency amount appropriate for the particular therapy in the geographic area in which

the services are rendered, and a standard travel allowance factor or, where the Secretary finds appropriate, the reasonable cost of such services may be determined by taking into account the number of visits made by the therapist under arrangements with such provider or agency, the adjusted hourly salary equivalency amount appropriate for the particular therapy in the geographic area in which the services are rendered, and a standard travel allowance factor. In prescribing criteria governing the use of these alternative approaches, the Secretary will take into account, among other things, the regularity with which the therapy services are performed.

Where therapy services are performed under arrangements on a limited part-time or intermittent basis, the reasonable cost of such services will be evaluated on a reasonable rate per unit of service, except that payment for these services, in the aggregate, during the cost reporting period, may not exceed the amount which would be payable had a therapist been employed by the provider or other organization 15 hours per week on a regular part-time basis.

The provision in question became effective on January 1, 1973. However, due to the need for careful study and consultation to avoid unequitable and unintended results, regulations needed to implement it have not yet been promulgated. As a result, the providers of services and persons working under arrangements with them have not been in a position to know whether their current payment arrangements will be subject to the potential constraints of this provision and the resulting retroactive reductions in amount of reimbursement. For this reason, the Committee believes that implementation should be delayed until the Secretary has issued final regulations and until adequate guidelines can be disseminated to intermediaries and providers of service. Therefore, the committee has added a provision to the House bill which would extend the effective date of the provision in question from January 1, 1973, to accounting period beginning after the month in which final regulations are promulgated by the Secretary.

This delay in the issuance of regulations is unfortunately all too typical. The Committee expects that the Secretary will expedite the formulation and publication of final regulations so that social security legislation may be implemented.

### **Federal Employees' Health Plan and Medicare**

(Sec. 191 of the bill)

Section 210 of Public Law 92-603 provides that, effective January 1, 1975, Medicare would not pay a beneficiary who is also a Federal retiree or employee for services covered under his Federal employee's health insurance policy which are also covered under Medicare unless he has had an option of selecting a policy supplementing Medicare benefits. If a supplemental policy is not made available, the Federal Employee's Plan would then have to pay first on any items of care which were covered under both the Federal employee's program and Medicare.

A number of the Federal employee unions and the Civil Service Commission have indicated that they will have serious difficulty in meeting the January 1, 1975 deadline because of the complexity



of the actuarial and underwriting processes necessary. It has been suggested by the unions that the January 1, 1975, date in present law be extended one year, to January 1, 1976, so as to afford adequate lead time for necessary changes in the Federal employees health benefit program. The Committee's bill provides for the requested extension.

### Coverage of Diagnostic Services by Optometrists

(Sec. 192 of the bill)

The Committee notes that under Medicare, all refractive services are specifically excluded. However, pursuant to those services reimbursable under Title XVIII for aphakic patients (patients whose natural lenses have been removed), optometrists perform, in addition to refraction, other diagnostic functions. With respect to those professional services performed on aphakic patients by optometrists, the Committee has included an amendment whereby the Secretary would conduct a study to determine which, if any, of these services should be reimbursable for purposes of Title XVIII. The study shall be undertaken utilizing the expertise of both optometrists and physicians who are not employed directly or indirectly in governmental agencies and at least half of the professionals consulted shall be actively practicing optometrists.

### Other Matters of Concern to the Committee

#### Processing of Home Health Agency Bills

Recent changes in Medicare reimbursement procedures require home health agencies to process and submit interim billings within a specified number of days without requiring the government to process and pay claims within the same specified number of days. Furthermore, these changes make no allowance for program-caused delays that prevent home health agencies from submitting timely billings.

It has come to the Committee's attention that this change will require many home health agencies to change from a monthly processing of billing to a more frequent processing which will result in increased program costs. In addition, these changes penalize home health agencies for processing delays caused by the program over which agencies have no control. Ultimately, this results in the beneficiary being liable for payment.

In the Committee's view, if the Medicare reimbursement procedures define timeliness in working days, then this should be equally applied both to the submission of billings by home health agencies and the payment of home health service claims by Medicare or its fiscal agent. For example, if 10 days are allowed for timely processing and submission of the billing by the agency, then the timely processing and payment of properly completed claims by the intermediary or carrier should also be limited to 10 days.

The Committee believes also that under the waiver of liability provision neither the beneficiary nor the home health agency should be held liable for payment because of processing delays caused by the Medicare program when the beneficiary has acted in good faith and the home health agency has exercised due care. The Committee expects

that the Secretary take good faith into account immediately for reimbursement policies affecting home health services.

## X. INDEPENDENT ESTIMATING CAPACITY FOR CONGRESS

The committee has for some time been concerned over the fact that there is not available to the Congress an independent and highly qualified resource for estimates of the cost and caseload implications of the various types of benefit legislation which the Committee must consider. Over the past several years, the Committee has dealt with a number of these programs such as medicare, medicaid, social security, and a variety of welfare and welfare-related proposals. The Committee has, for the most part, relied on the Administration to provide the estimates which have been used when decisions were made.

However, common prudence would seem to require that in dealing with proposed legislation which will intimately affect the lives of millions of citizens and involve multi-billion dollar expenditures, the Committee should have available to it a second and independent source of qualified technical advice as to the probable cost impact of the legislation. This is especially true when the Committee considers, as has frequently been the case, new programs in the area of health care and income maintenance for which there is no data based on prior experience from which an accurate picture of future costs can readily be projected.

In this connection, the Committee is pleased to learn that the Congressional Research Service, which has always been a source of valuable technical assistance to the Congress, has taken steps to greatly improve its ability to provide such assistance by developing an independent estimating capacity. The Congressional Research Service is seeking to employ highly qualified individuals who can provide reliable estimates both through actuarial analysis and by the use of other estimating techniques as may be appropriate for various types of benefit proposals. The Committee accordingly urges that the Congressional Research Service make every effort to complete the development of this resource as rapidly as possible.

## XI. MISCELLANEOUS CLERICAL AND CONFORMING AMENDMENTS

(Sec. 201 of the bill)

The committee bill 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.*—This 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. Adoption of the amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.

*Elimination of special age 72 benefits for people entitled to SSI.*—This amendment is included in H.R. 3153 as it passed the House. It would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits. 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.

*Increases 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 (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. Present law would require him to take the lower benefit in this case; the Committee bill would let him take the higher benefit.

*Correction of erroneous designations and cross-references.*—This subsection would correct erroneous section numbers and cross references in the present law.

### Supplemental Security Income

*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 supplemental 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.

This amendment also restores a word inadvertently dropped from section 401(c)(1) of Public Law 92-603.

*Initial payments to presumptively disabled or blind individuals unrecoverable only if individual is ineligible because not disabled or blind.*—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.

*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.

*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.

This provision 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.

*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 provision would remove this 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 provision 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.

*Inclusion of title VI in limitation on grants to States for social services.*—This provision would amend 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 Committee bill would conform these sections to the law enacted last year.

*Errors in cross-references.*—A number of erroneous cross-references in last year's law would be corrected in the House-passed bill; these corrections are incorporated in the Committee bill.

#### 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.

*Errors in cross-references.*—The bill corrects an erroneous section reference in Public Law 92-603 and an erroneous section reference in section 403(b) of the Social Security Act.

#### Medicare and Medicaid

*Clarification of coverage of hospitalization for dental services.*—The Committee bill clarifies that Medicare Part A coverage for dental services is available only in behalf of an individual for whom a physician 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 Committee bill provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) in behalf of individuals eligible for the supplemental security income program.

*Technical improvement of provisions governing disposition of HMO savings.*—The Committee bill 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 Committee bill 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 Committee bill 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 Committee bill 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 Committee bill 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 Committee bill contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicare 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 Committee bill 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 Committee bill contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services 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 Committee bill has included a provision which would extend this stipulation to disabled persons eligible for Medicare. The Committee bill clarifies that 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 Committee bill 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 Committee bill 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. Corrects clerical errors.

*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 Committee bill pro-

vides 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 improvements of authority to include expenses related to capital expenditures in certain cases.*—Corrects clerical errors.

*Technical improvement of sanctions for provider and practitioner noncompliance.*—Corrects clerical error.

## XII. TAX PROVISION

### Repeal of Gasoline Tax Deduction

(Sec. 301 of the bill)

The Committee recognizes that its amendment which provides a tax credit for low income workers with families (sec. 111 of the bill) would result in a revenue imbalance of the bill since the amendment involves a revenue cost of \$600 million. The Committee, however, believes that the tax provisions of the bill should be in balance with respect to their effect on revenues. One of the Treasury Department's recommendations in its proposals for tax change presented to the House Committee on Ways and Means on April 30, 1973, with which this committee agrees, called for the repeal of the deduction for gasoline taxes (contained in its simplification proposals). This change will increase revenue by approximately \$600 million. Since the repeal of the gasoline tax deduction would raise substantially the same amount of revenue as the cost of the tax credit provision, the Committee believes it is appropriate that this repeal be included in this bill.

Under present law (sec. 164(a)(5) and (b)(5) of the Internal Revenue Code of 1954), a taxpayer who itemizes his deductions may deduct State and local taxes paid by him during the year attributable to the purchase of gasoline, diesel fuel, and other motor fuels. In practice, the amount of this deduction may be computed either from a record of taxes actually paid by the taxpayer on his gasoline or the amount provided in the gasoline tax tables provided by the Internal Revenue Service. These tables are based on a taxpayer's calculation of the mileage he drove during the year, the size of his car and the gasoline tax rates in each State.

Although a taxpayer may deduct the actual State and local gasoline taxes paid by him during the year, most taxpayers do not keep these records. Therefore, this deduction is generally computed on the basis of the gasoline tax tables furnished by the Internal Revenue Service. Under this method, a taxpayer must keep track of the number of miles driven by him in a given year. Many taxpayers, however, do not know the number of miles they have driven in a year and therefore guess at this figure in computing their deduction. Furthermore, the calculation is complicated by adjustments required for 4-cylinder cars, State and local changes in gasoline tax rates during a year, and interstate driving where the tax rates are different.

As indicated above, the Treasury Department has recommended that the deduction for gasoline taxes be eliminated as part of its simplification proposals which are contained in its Proposals for Tax Change made on April 30, 1973.<sup>1</sup> The Treasury pointed out that not only is there much guessing in the gasoline tax calculation but the amount of tax savings to the average taxpayer is generally small (for example, where a taxpayer and his family drove as much as 20,000 nonbusiness miles in a year, the tax saving would be only \$25 in most States if the taxpayer were in the 25-percent bracket).

In addition, State and local gasoline taxes, like the nondeductible Federal gasoline tax, are essential charges by the State for the use of highways and therefore are more like a personal expense for automobile travel (such as tolls, etc.) than a tax. Its deductibility in this sense is inconsistent with the user charge character of the tax in that it serves to shift part of the cost from the highway user to the general taxpayer. This position was taken by a prior Treasury Department in its proposals for tax reform ("Tax Reform Studies and Proposals of the 1968 Treasury Department," which were submitted to the Congress in January 1969) which also recommended the repeal of the gasoline tax deduction.

For these reasons, the Committee believes that the gasoline tax deduction should be repealed. Moreover, as indicated above, since a Committee amendment providing a tax credit for low income workers with families involves a revenue cost of substantially the same amount as the increase in revenues expected from the repeal of the gasoline tax deduction, the Committee believes it is appropriate that this repeal be included in this bill.

Therefore, the Committee amendment repeals the provision allowing the deduction for State and local gasoline taxes effective for taxable years beginning after December 31, 1973.

*Revenue effect.*—It is estimated that repeal of the deduction for State and local gasoline taxes would increase individual income tax liability by \$600 million at 1972 levels of consumption and State tax.

### **XIII. COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL**

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out the bill and the effect on the revenues of the bill. The social security benefit increase would cost an additional \$3.5 billion in trust fund outlays in calendar year 1974 (assuming an effective date of November 1973), and the net 1974 revenue increase to the trust funds from raising the wage base in 1974 is estimated at \$0.7 billion. The following table sets forth the estimated additional income and outgo of the social security trust funds compared with present law as a result of the Committee bill for fiscal years 1974 through 1978.

The first full year general fund costs or savings associated with the other provisions in title I and the revenue effect of title III of the committee bill are as follows:

<sup>1</sup> However, the Treasury would have substituted a \$500 miscellaneous deduction for the gasoline tax deduction, certain medical and casualty deductions and certain business and investment expenses.



ESTIMATED ADDITIONAL INCOME AND OUTGO OF THE TRUST FUNDS UNDER THE COMMITTEE BILL, FISCAL YEARS 1974-78

[In billions]

	Fiscal year—				
	1974	1975	1976	1977	1978
<b>OASI and DI Trust Funds combined:</b>					
Additional income.....	\$0.6	\$1.9	\$1.9	\$2.9	\$2.6
Additional outgo.....	2.2	1.5	.5	.2	1.1
<b>HI Trust Fund:<sup>1</sup></b>					
Additional income.....	-.6	-1.2	-1.4	-1.5	-2.2

<sup>1</sup> Additional outgo is less than \$0.05 billion.

	<i>1st full year cost (in millions)</i>
Tax credit for low-income workers with families (\$700 million in credits minus \$100 million savings in public assistance).....	\$600
Supplemental security income:	
Increased payment levels.....	130
Food stamp eligibility (assuming 50 percent participation).....	145
Limitation on grandfather clause for disabled individuals.....	-150
National adoption information exchange system.....	1
Child support (in subsequent years, there will be a net savings).....	40
AFDC earnings disregard.....	-155
Pass-along of social security benefits to AFDC recipients.....	7
Medicaid amendments.....	10
Elimination of gasoline tax deduction (increased revenues).....	-600

Thus the net general fund impact of the bill in the first full year will be a cost of about \$20 million. No cost has been attributed to the social services provision since the Committee bill would not increase the present \$2.5 billion limit on Federal funds for social services.

#### XIV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the tabulation of the rollcall vote to report the bill is as follows:

In favor—17 (Messrs. Long, Talmadge, Hartke, Fulbright, Ribicoff, Byrd, Jr. of Virginia, Nelson, Mondale, Gravel, Bentsen, Bennett, Curtis, Fannin, Hansen, Dole, Packwood, and Roth).

#### XV. CHANGES IN EXISTING LAW AND COMPLIANCE WITH LEGISLATIVE REORGANIZATION ACT

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown in the following pages (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman).

## SOCIAL SECURITY ACT

\* \* \* \* \*

### TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED

\* \* \* \* \*

#### Payment to States

**Sec. 3.** (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to section 1130) pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

(1) \* \* \*

\* \* \* \* \*

(4) in the case of any State, [whose State plan approved under section 2 meets the requirements of subsection (c)(1)] an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which [are prescribed pursuant to subsection (c)(1) and] are provided [(in accordance with the next sentence)] to applicants for or recipients of assistance under the plan to help them attain or retain capability for self-care, or

(ii) other services [, specified by the Secretary as] *which (as determined by the State) are likely to prevent or reduce dependency, [so] and which are provided to such applicants or recipients, or*

(iii) any of the services [prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as] *described in clauses (i) and (ii) which the State determines to be appropriate for individuals who [, within such period or periods as the Secretary may prescribe.] have been or are likely to become (as determined by the State) applicants for or recipients of assistance under the plan, if such services are requested by [such individuals] and [are] provided to such individuals [in accordance with the next sentence], or*

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

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

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

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

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

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

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

[(5) in the case of any State whose State plan approved under section 2 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph.]

\* \* \* \* \*

[(c) (1) In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 2 must provide that the State agency shall make available to applicants for 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.

[(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

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

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

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection.]

\* \* \* \* \*

## TITLE II—FEDERAL OLD-AGE SURVIVORS, AND DISABILITY INSURANCE BENEFITS

### Federal Old-Age and Survivors Insurance Trust Fund and Federal Disability Insurance Trust Fund

Sec. 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)  $\frac{1}{2}$  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~~ 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, ~~1977~~ 1973, and before January 1, ~~2011~~ 1978, and so reported, ~~and~~ (G) ~~1.5~~ 1.2 per centum of the wages (as so defined) paid after December 31, ~~2010~~ 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)  $\frac{3}{8}$  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~~ 1974, (F) ~~0.84~~ 0.815 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~~ 1973, and before January 1, ~~2011~~ 1978, ~~and~~ (G) ~~0.895~~ 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, ~~2010~~ 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.

\* \* \* \* \*

(g) (1) (A) There are authorized to be made available for expenditure, out of any or all of the Trust Funds (which for purposes of this paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII), such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title, title XVI and title XVIII for which the Secretary of Health, Education, and Welfare is responsible *except that funds made available under this subsection for fiscal years beginning after June 30, 1974, shall not be used to pay the costs of any activity undertaken pursuant to section 1122 except as provided by such section.* During each fiscal year or after the close of such fiscal year (or at both times), the Secretary of Health, Education, and Welfare shall analyze the costs of administration of this title, title XVI, and title XVIII during the appropriate part or all of such fiscal year in order to determine the portion of such costs which should be borne by each of the Trust Funds and (with respect to title XVI) by the general revenues of the United States and shall certify to the Managing Trustee the amount, if any, which should be transferred among such Trust Funds in order to assure that (after appropriations made pursuant to section 1601, and repayment to the Trust Funds from amounts so appropriated) each of the Trust Funds and the general revenues of the United States bears its proper share of the costs incurred during such fiscal year for the part of the administration of this title, title XVI, and title XVIII for which the Secretary of Health, Education, and Welfare is responsible. The Managing Trustee is authorized and directed to transfer any such amount (determined under the preceding sentence) among such Trust Funds in accordance with any certification so made.

\* \* \* \* \*

### **Old-Age and Survivors Insurance Benefit Payments**

#### **Sec. 202. (a) \* \* \***

\* \* \* \* \*

#### **Increase in Old-Age Insurance Benefit Amounts on Account of Delayed Retirement**

(w) (1) If the first month for which an old-age insurance benefit becomes payable to an individual is not earlier than the month in which such individual attains age 65 (or his benefit payable at such age is not reduced under subsection (q)), the amount of the old-age insurance benefit (other than a benefit based on a primary insurance amount determined under section 215(a)(3)) which is payable without regard to this subsection to such individual shall be increased by—

(A) one-twelfth of 1 percent of such amount, multiplied by

(B) the number (if any) of the increment months for such individual.

(2) For purposes of this subsection, the number of increment months for any individual shall be a number equal to the total number of the months—

(A) which have elapsed after the month before the month in which such individual attained age 65 or (if later) December

1970 and prior to the month in which such individual attained age 72, and

(B) with respect to which—

(i) such individual was a fully insured individual (as defined in section 214(a)), and

(ii) such individual either was not entitled to an old-age insurance benefit or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit.

(3) For purposes of applying the provisions of paragraph (1), a determination shall be made under paragraph (2) for each year, beginning with 1972, of the total number of an individual's increment months through the year for which the determination is made and the total so determined shall be applicable to such individual's old-age insurance benefits beginning with benefits for January of the year following the year for which such determination is made; except that the total number applicable in the case of an individual who attains age 72 after 1972 shall be determined through the month before the month in which he attains such age and shall be applicable to his old-age insurance benefit beginning with the month in which he attains such age.

(4) This subsection shall be applied after reduction under section 203(a).

(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.*

### Reduction of Insurance Benefits

#### (Maximum Benefits)

Sec. 203. (a) \* \* \*

\* \* \* \* \*

#### 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 of 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) 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 \$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 \$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 \$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.

(5) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

(B) For purposes of this section—

(i) an individual's net earnings from self-employment for any taxable year shall be determined as provided in section 211, except that paragraphs (1), (4), and (5) of section 211 (c) shall not apply and the gross income shall be computed by excluding the amounts provided by subparagraph (D), and

(ii) an individual's net loss from self-employment for any taxable year is the excess of the deductions (plus his distributive share of loss described in section 702(a)(9) of the Internal Revenue Code of 1954) taken into account under clause (i) over the gross income (plus his distributive share of income so described) taken into account under clause (i).

(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g)(2), (g)(3), (h)(2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee or performed outside the United States in the active military or naval service of the United States, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

(D) In the case of an individual—

(i) who has attained the age of 65 on or before the last day of the taxable year, and

(ii) who shows to the satisfaction of the Secretary that he is receiving royalties attributable to a copyright or patent obtained before the taxable year in which he attained the age of 65 and that the property to which the copyright or patent relates was created by his own personal efforts,

there shall be excluded from gross income any such royalties.

(6) For purposes of this subsection, wages (determined as provided in paragraph (5)(C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages

for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

(7) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of the payments (without regard to such charging) to which all persons are entitled under section 202 for such month on the basis of his wages and self-employment income, the difference between such total and the excess so charged to such month shall be paid (if it is otherwise payable under this title) to such individual and other persons in the proportion that the benefit to which each of them is entitled (without regard to such charging, without the application of section 202(k)(3), and prior to the application of section 203(a)) bears to the total of the benefits to which all of them are entitled.

(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 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] exempt amount was enacted or a determination resulting in such an increase was made under [section 230(a)] subparagraph (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) The term "net earnings from self-employment" means the gross income, as computed under Subtitle A of the Internal Revenue Code of 1954, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702(a)(9) of the Internal Revenue Code of 1954, from any trade or business carried on by a partnership of which he is a member;

except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production or the management of the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;

\* \* \* \* \*

(10) In the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911(a)(2) of the Internal Revenue Code of 1954 shall not apply.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1951) ending within or with his taxable year. In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210(f)—

(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than \$2,400, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be 66⅔ percent of such gross income; or

(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than \$2,400 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than \$1,600, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be \$1,600; and

(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) of the Internal Revenue Code of 1954 applies) is not more than \$2,400, his distributive share of income described in section 702(a)(9) of

such Code derived from such trade or business may, at his option, be deemed to be an amount equal to  $66\frac{2}{3}$  percent of his distributive share of such gross income (after such gross income has been so reduced); or

(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) of the Internal Revenue Code of 1954 applies) is more than \$2,400 and his distributive share (whether or not distributed) of income described in section 702(a)(9) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than \$1,600, his distributive share of income described in such section 702(a)(9) derived from such trade or business may, at his option, be deemed to be \$1,600.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (6) and paragraphs (8) of this subsection; and

(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (6) and paragraph (8) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (g), or by a partnership of which an individual is a member on a regular basis as defined in subsection (g), but only if such individual's net earnings from self-employment in the taxable year as determined without regard to this sentence are less than \$1,600 and less than  $66\frac{2}{3}$  percent of the sum (in such taxable year) of such individual's gross income derived from all trades or businesses carried on by him and his distributive share of the income or loss from all trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or

business to which this sentence applies shall such net earnings for such year exceed \$1,600.

*An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such agreement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management.*

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) \* \* \*

\* \* \* \* \*

(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 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]~~ the larger of \$9.50 or the amount most recently established in lieu thereof under section 215(i) 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 (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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	\$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	23.75	88.90	98	99	106.70	160.10
23.77	24.20	90.60	109	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
33.21	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 (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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—		
\$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	37.00	125.70	189	193	150.60	226.40
37.00	37.60	127.00	194	197	152.70	229.10
37.61	38.20	128.60	198	202	154.40	231.60
38.21	39.12	129.30	203	207	156.40	234.60
39.13	39.68	131.90	208	211	158.20	237.30
39.69	40.33	133.34	213	216	159.80	239.70
40.34	41.12	134.80	217	221	161.80	242.70
41.13	41.76	136.36	222	225	163.60	245.40
41.77	42.44	137.10	226	230	165.50	248.30
42.45	43.20	138.40	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	44.86	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
		148.60	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	365.50
		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	226.20	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	429.90
		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	439.90
		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 (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1971 Act)	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. 293(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—		
		\$218.80	\$479	\$482	\$262.60	\$484.80
		220.40	483	487	264.50	487.50
		221.70	486	492	266.10	490.10
		223.10	493	488	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	286.20	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	335.50	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	689	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	354.50	620.40

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)	II (Primary insurance amount under 1971 Act)	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—	
		\$751	\$755	\$622.20
		756	760	623.90
		761	765	625.70
		766	770	627.40
		771	775	629.20
		776	780	630.90
		781	785	632.70
		786	790	634.40
		791	795	636.20
		795	800	637.90
		801	805	639.70
		806	810	641.40
		811	815	643.20
		816	820	644.90
		821	825	646.70
		826	830	648.40
		831	835	650.20
		836	840	651.90
		841	845	653.70
		846	850	655.40
		851	855	657.20
		856	860	658.90
		861	865	660.70
		866	870	662.40
		871	875	664.20
		876	880	665.90
		881	885	667.70
		886	890	669.40
		891	895	671.20
		896	900	672.90
		901	905	674.70
		906	910	676.40
		911	915	678.20
		916	920	679.90
		921	925	681.70
		926	930	683.40
		931	935	685.20
		936	940	686.90
		941	945	688.70
		946	950	690.40
		951	955	692.20
		956	960	693.90
		961	965	695.70
		966	970	697.40
		971	975	699.20
		976	980	700.90
		981	985	702.70
		986	990	704.40
		991	995	706.20
		996	1,000	707.90

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	\$89.80	\$140.80
16.21	16.84	85.80	77	78	95.30	148.00
16.85	17.00	87.30	79	80	97.50	148.30
17.01	18.40	89.40	81	81	99.30	149.00
18.41	19.24	91.00	82	82	101.10	151.70
19.25	20.00	92.30	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	108.80	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	104.80	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	124.60	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	117.80	108	109	130.80	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	30.83	132.50	142	146	147.10	220.70
30.84	31.38	134.80	147	150	149.10	223.70
31.37	32.00	136.00	151	155	151.00	226.60
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	34.60	143.40	170	174	159.20	238.90
34.61	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	38.12	156.40	203	207	173.70	260.60
38.13	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	289.10
44.89	45.60	174.20	250	253	194.10	292.80
		176.00	254	258	196.10	296.60
		178.10	259	263	197.70	298.40
		180.20	264	267	200.10	302.10
		182.00	268	272	202.10	306.00
		183.90	273	277	204.20	309.80
		185.70	278	281	206.20	313.50
		187.50	282	286	208.20	317.40
		189.50	287	291	210.40	321.30
		191.10	292	295	212.20	325.20
		193.10	296	300	214.40	329.10
		194.90	301	305	216.40	333.00
		196.80	306	309	218.50	337.40

**TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued**

I <i>(Primary insurance benefit under 1959 Act, as modified)</i>		II <i>(Primary insurance amount effective for September 1972)</i>	III <i>(Average monthly wage)</i>		IV <i>(Primary insurance amount)</i>	V <i>(Maximum family benefits)</i>
<i>If an individual's primary insurance benefit (as determined under subsec. (d)) is—</i>		<i>Or his primary insurance amount (as determined under subsec. (c)) is—</i>	<i>Or his average monthly wage (as determined under subsec. (b)) is—</i>		<i>The amount referred to in the preceding paragraphs of this subsection shall be—</i>	<i>And the maximum amount of benefits payable (as provided in sec. 208(a)) on the basis of his wages and self-employment income shall be—</i>
<i>At least—</i>	<i>But not more than—</i>		<i>At least—</i>	<i>But not more than—</i>		
		\$188.60	\$310	\$374	\$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
		206.80	329	333	228.50	390.50
		207.90	354	337	230.80	395.20
		209.40	358	342	232.50	401.00
		211.20	434	347	234.50	406.80
		213.50	348	351	236.80	411.50
		216.00	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	432.80
		222.40	371	375	246.90	438.60
		224.20	376	379	248.80	444.50
		226.20	390	384	251.10	450.30
		227.80	385	389	252.80	456.10
		229.00	390	393	254.80	460.80
		231.00	394	398	257.10	466.70
		233.40	399	403	259.00	472.60
		235.40	404	407	261.30	477.20
		236.80	408	412	263.00	483.10
		238.60	413	417	264.90	488.90
		244.30	418	421	266.80	493.60
		242.20	422	426	268.80	499.40
		243.60	427	431	270.70	505.30
		245.40	432	436	272.40	511.20
		247.40	437	440	274.70	513.50
		248.80	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
		260.80	474	478	289.60	535.80
		262.60	479	482	291.50	538.20
		264.60	483	487	293.60	541.20
		266.10	488	492	295.40	544.10
		267.20	492	496	297.30	546.40
		269.70	497	601	299.40	549.30
		271.20	502	506	301.10	552.20
		272.80	507	510	303.00	554.00
		274.60	511	515	304.80	557.50
		276.40	516	520	306.80	560.50
		278.10	521	524	308.70	562.70
		279.80	525	529	310.00	565.70
		281.70	530	534	312.70	568.60
		283.20	535	538	314.40	571.00
		284.80	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	558	322.10	581.60
		291.00	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	596.10
		302.20	582	584	335.60	597.90
		303.60	585	588	337.00	600.30
		305.30	589	591	338.80	602.00

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued

I <i>(Primary insurance benefit under 1939 Act, as modified)</i>		II <i>(Primary insurance amount effective for September 1972)</i>	III <i>(Average monthly wage)</i>		IV <i>(Primary insurance amount)</i>	V <i>(Maximum family benefits)</i>
<i>If an individual's primary insurance benefit (as determined under subsec. (d)) is—</i>		<i>Or his primary insurance amount (as determined under subsec. (c)) is—</i>	<i>Or his average monthly wage (as determined under subsec. (b)) is—</i>		<i>The amount referred to in the preceding paragraphs of this subsection shall be—</i>	<i>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—</i>
<i>At least—</i>	<i>But not more than—</i>		<i>At least—</i>	<i>But not more than—</i>		
		\$306.80	\$592	\$595	\$340.80	\$604.40
		315.30	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
		316.90	613	616	350.70	616.70
		317.40	617	620	352.40	619.10
		318.90	621	623	354.00	620.80
		321.10	624	627	355.70	623.20
		321.50	628	630	357.40	625.50
		323.40	631	634	359.00	628.40
		325.00	636	637	360.80	631.30
		326.60	638	641	362.60	634.40
		328.00	642	644	364.10	637.20
		329.60	646	648	365.90	640.30
		331.00	649	652	367.50	643.10
		333.00	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
		338.50	671	675	373.60	653.70
		337.70	676	680	374.90	656.10
		338.80	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.90	663.10
		342.60	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
		363.60	791	795	403.50	706.20
		364.60	796	800	404.60	708.10
		365.60	801	805	405.80	710.10
		366.60	806	810	406.90	712.00
		367.60	811	815	408.00	714.00
		368.60	816	820	409.10	716.90
		369.60	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
		373.60	841	845	414.60	725.70
		374.50	846	850	415.70	727.60
		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	735.60
		379.60	871	875	421.30	737.30

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued

I <i>(Primary insurance benefit under 1939 Act, as modified)</i>		II <i>(Primary insurance amount effective for September 1972)</i>	III <i>(Average monthly wage)</i>		IV <i>(Primary insurance amount)</i>	V <i>(Maximum family benefits)</i>
<i>If an individual's primary insurance benefit (as determined under subsec. (d)) is—</i>		<i>Or his primary insurance amount (as determined under subsec. (c)) is—</i>	<i>Or his average monthly wage (as determined under subsec. (b)) is—</i>		<i>The amount referred to in the preceding paragraphs of this subsection shall be—</i>	<i>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—</i>
<i>At least—</i>	<i>But not more than—</i>		<i>At least—</i>	<i>But not more than—</i>		
		\$580.50	\$876	\$880	\$122.40	\$139.20
		581.50	881	885	123.60	141.20
		582.50	886	890	124.80	143.10
		583.50	891	895	126.00	145.10
		584.50	896	900	127.20	147.00
		585.50	901	905	128.40	149.00
		586.50	906	910	129.60	150.80
		587.50	911	915	130.80	152.80
		588.50	916	920	132.00	154.70
		589.50	921	925	133.20	156.70
		590.50	926	930	134.40	158.60
		591.50	931	935	135.60	160.60
		592.50	936	940	136.80	162.60
		593.50	941	945	138.00	164.50
		594.50	946	950	139.20	166.49
		595.50	951	955	140.40	168.49
		596.50	956	960	141.60	170.50
		597.50	961	965	142.80	172.50
		598.50	966	970	144.00	174.50
		599.50	971	975	145.20	176.50
		600.50	976	980	146.40	178.50
		601.50	981	985	147.60	180.00
		602.50	986	990	148.80	181.50
		603.50	991	995	150.00	183.00
		604.50	996	1,000	151.20	184.50
			1,001	1,005	152.40	186.00
			1,006	1,010	153.60	187.50
			1,011	1,015	154.80	189.00
			1,016	1,020	156.00	190.50
			1,021	1,025	157.20	192.00
			1,026	1,030	158.40	193.50
			1,031	1,035	159.60	195.00
			1,036	1,040	160.80	196.50
			1,041	1,045	162.00	198.00
			1,046	1,050	163.20	199.50
			1,051	1,055	164.40	201.00
			1,056	1,060	165.60	202.50
			1,061	1,065	166.80	204.00
			1,066	1,070	168.00	205.50
			1,071	1,075	169.20	207.00
			1,076	1,080	170.40	208.50
			1,081	1,085	171.60	210.00
			1,086	1,090	172.80	211.50
			1,091	1,095	174.00	213.00
			1,096	1,100	175.20	214.50

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 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"]~~ *March 31* in each year after ~~["1972"]~~ *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"]~~ *if in the year prior to such year a law has been enacted providing a general benefit increase under this title or ["in which such"]* *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"]~~ *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)] 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.]

\* \* \* \* \*

### Entitlement to Hospital Insurance Benefits

#### Sec. 226.

- (a) **[(1)]** Every individual who—  
**[(A)]** (1) has attained age 65, and  
**[(B)]** (2) is entitled to monthly insurance benefits under section 202 or is a qualified railroad retirement beneficiary.

shall be entitled to hospital insurance benefits under part A of title XVIII for each month for which he meets the condition specified in subparagraph (B), beginning with the first month after June 1966 for which he meets the conditions specified in subparagraphs (A) and (B).

- (b) \* \* \*

\* \* \* \* \*

(d) For purposes of this section, the term “qualified railroad retirement beneficiary” means an individual whose name has been certified to the Secretary by the Railroad Retirement Board under section 21 or section 22 of the Railroad Retirement Act of 1937. An individual shall cease to be a qualified railroad retirement beneficiary at the close of the month preceding the month which is certified by the Railroad Retirement Board as the month in which he ceased to meet the requirements of section 21 or section 22 of the Railroad Retirement Act of 1937.

(c) Notwithstanding the foregoing provisions of the section, every individual who—

- (1) has not attained the age of 65;
- (2) (A) is fully or currently insured (as such terms are defined in section 214 of this Act), or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1937) after December 31, 1936, were included in the term “employment” as defined in this Act, or (B) is entitled to monthly insurance benefits under title II of this Act, or an annuity under the Railroad Retirement Act of 1937, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured, or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1937) after December 31, 1936, were included in the term “employment” as defined in this Act, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of

this Act or an annuity under the Railroad Retirement Act of 1937; and

(3) is medically determined to have chronic renal disease and who requires hemodialysis or renal transplantation for such disease;

shall be deemed to be disabled for purposes of coverage under parts A and B of Medicare subject to the deductible, premium, and copayment provisions of title XVIII.

(f) Medicare eligibility on the basis of chronic kidney failure shall begin with the third month after the month in which a course of renal dialysis is initiated and would end with the twelfth month after the month in which the person has a renal transplant or such course of dialysis is terminated.

(g) (1) The Secretary **is authorized to** shall limit reimbursement under Medicare for kidney transplant and dialysis to kidney disease treatment centers which meet such requirements as he **may** shall by regulation prescribe: *Provided*. That such requirements must include at least requirements for minimal utilization rate for covered procedures and for **a** an independent medical review board to screen the appropriateness of patients for the proposed treatment procedures.

*"(2) Notwithstanding the provisions of section 1842(a), the Secretary is authorized to designate the organizations to be used in making payments with respect to kidney dialysis services and to provide for payments for such services by applying such tests of reasonableness as he may find appropriate, including a test of relationship of charges to costs of providing such services. Notwithstanding the provisions of section 1842(b)(3), the Secretary is further authorized to provide for payments for such services on the basis of specific individual services and on services expected to be rendered over a period of time, and may apply such conditions to payment as he may find necessary to limit charges to patients in excess of those which he may find reasonable. With respect to services expected to be provided over a period of time, the Secretary may provide for payments on a retainer basis or such other basis as he may by regulation prescribe."*

**(f)** (h) (I) For purposes of determining entitlement to hospital insurance benefits under subsection (b) in the case of widows and widowers described in paragraph (2) (A) (iii) thereof—

(A) the term "age 60" in sections 202(e)(1)(B)(ii), **and** 202(e)(5), **and** the term "age 62" in sections 202(f)(1)(B)(ii), and 202(f)(6) shall be deemed to read "age 65"; and

(B) the phrase "before she attained age 60" in the matter following subparagraph (F) of section 202(e)(1) **shall** and the phrase "before he attained age 60" in the matter following subparagraph (G) of section 202(f)(1) shall each be deemed to read "based on a disability".

(2) For purposes of determining entitlement to hospital insurance benefits under subsection **(a)(2)** (b) in the case of an individual under age 65 who is entitled to benefits under section 202, and who was entitled to widow's insurance benefits or widower's insurance benefits based on disability for the month before the first month in which such individual was so entitled to old-age insurance benefits (but ceased to be entitled to such widow's or widower's insurance benefits upon becoming entitled to such old-age insurance benefits), such individual

shall be deemed to have continued to be entitled to such widow's insurance benefits or widower's insurance benefits for and after such first month.

(3) For purposes of determining entitlement to hospital insurance benefits under subsection **[(a)(2)]** (b) any disabled widow age 50 or older who is entitled to mother's insurance benefits (and who would have been entitled to widow's insurance benefits by reason of disability if she had filed for such widow's benefits) shall, upon application, for such hospital insurance benefits be deemed to have filed for such widow's benefits and shall, upon furnishing proof of such disability prior to July 1, 1974, under such procedures as the Secretary may prescribe, be deemed to have been entitled to such widow's benefits as of the time she would have been entitled to such widow's benefits if she had filed a timely application therefor.

**[(f)](i)** For entitlement to hospital insurance benefits in the case of certain uninsured individuals, see section 103 of the Social Security Amendments of 1965.

### 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]** *the larger of \$64.40 or the amount most recently established in lieu thereof under section 215(i)* and the amount of the wife's insurance benefit of his wife shall, notwithstanding the provisions of section 202(b), be **[\$29.00]** *the larger of \$32.20 or the amount most recently established in lieu thereof under section 215(i)*.

(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 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]** *the larger of \$64.40 or the amount most recently established in lieu thereof under section 215(i)*.

(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]~~ *the larger of \$64.40 or the amount most recently established in lieu thereof under section 215(i).*

(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]~~ *the larger of \$64.40 or the amount most recently established in lieu thereof under section 215(i)* and the amount of the wife's benefit for such month shall be ~~[\$29.00]~~ *the larger of \$32.20 or the amount most recently established in lieu thereof under section 215(i).*

#### Reduction for Government 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"]~~ *the larger of \$32.20 or the amount most recently established in lieu thereof under section 215(i).*

(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 periodic benefits under governmental pension systems for which the husband is eligible for such month, over (ii) ~~["\$58.00"]~~ *the larger of \$64.40 or the amount most recently established in lieu thereof under section 215(i); 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"]~~ *the larger of \$32.20 or the amount most recently established in lieu thereof under section 215(i).*

(4) For purposes of this subsection, in determining whether an individual is eligible for periodic benefits under a governmental pension system—

(A) such individual shall be deemed to have filed application for such benefits,

(B) to the extent that entitlement depends on an application by such individual's spouse, such spouse shall be deemed to have filed application, and

(C) to the extent that entitlement depends on such individual or his spouse having retired, such individual and his spouse shall be deemed to have retired before the month for which the determination of eligibility is being made.

(5) For purposes of this subsection, if any periodic benefit is payable on any basis other than a calendar month, the Secretary shall allocate the amount of such benefit to the appropriate calendar months.

(6) If, under the foregoing provisions of this section, the amount payable for any month would be less than \$1, such amount shall be reduced to zero. In the case of a husband and wife both of whom are entitled to benefits under this section for the month, the preceding sentence shall be applied with respect to the aggregate amount so payable for such month.

(7) If any benefit amount computed under the foregoing provisions of this section is not a multiple of \$0.10, it shall be raised to the next higher multiple of \$0.10.

(8) Under regulations prescribed by the Secretary, benefit payments under this section to an individual (or aggregate benefit payments under this section in the case of a husband and wife) of less than \$5 may be accumulated until they equal or exceed \$5.

**Suspension for Months in Which Cash Payments Are Made Under Public Assistance**

(d) The benefit to which any individual is entitled under this section for any month shall not be paid for such month if—

(1) such individual receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI or part A of title IV, or

(2) such individual's husband or wife receives such aid or assistance in such month, and under the State plan the needs of such individual were taken into account in determining eligibility for (or amount of) such aid or assistance,

unless the State agency administering or supervising the administration of such plan notifies the Secretary, at such time and in such manner as may be prescribed in accordance with regulations of the Secretary, that such payments to such individual (or such individual's husband or wife) under such plan are being terminated with the payment or payments made in such month *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.*

**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.

\* \* \* \* \*

## **International Agreements**

### **Purpose of Agreement**

**Sec. 232.** (a) *The President is authorized to enter into agreements establishing totalization arrangements between the social security system established by this title and the social security system of any foreign country, for the purposes of establishing entitlement to and the amount of old-age, survivors, disability, or derivative benefits based on a combination of an individual's periods of coverage under the social security system established under this title and the social security system of such foreign country.*

### **Delegation of Authority to Secretary of Health, Education, and Welfare**

(b) (1) *The President is authorized to delegate any of his functions under this section to the Secretary of Health, Education, and Welfare.*

(2) *Pursuant to any such delegation, the Secretary of Health, Education, and Welfare shall consult with the Secretary of the Treasury and the Secretary of State prior to entering into any such agreement.*

### **Definitions**

(c) *For the purposes of this section—*

(1) *The term "social security systems" of a foreign country means a social insurance or pension system which is of general application in the country and under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, death, or disability.*

(2) *The term "period of coverage" means a period of payment of contributions or a period of earnings based on wages for employment or on self-employment income, or any similar period recognized as equivalent thereto under this title or under the social security system of a country which is a party to an agreement entered into under this section.*

### **Crediting Periods of Coverage; Tax Exemptions; Conditions of Payment of Benefits**

(d) (1) *Any agreement establishing a totalization arrangement pursuant to this section shall provide—*

(A) *that, in the case of an individual who has at least 6 quarters of coverage as defined in section 213 of this Act and periods of coverage under the social security system of a foreign country which is a party to such agreement, periods of coverage of such individual under such social security systems of such foreign country may, at the option of such individual or of the survivors of such individual, be combined with periods of coverage under this title and otherwise considered for the purpose of establishing entitlement to and the amount of old-age, survivors, and disability insurance benefits under this title;*

(B) (i) *that employment or self-employment, or any service which is recognized as equivalent to employment or self-employment under this title and the social security system of such foreign country which is a party to such agreement, shall, on or after*



the effective date of such agreement, result in a period of coverage under the system established under this title or under the system established under the laws of such foreign country, but not under both;

(ii) the methods and conditions for determining under which system such employment, self-employment, or other service shall result in a period of coverage;

(C) that where an individual's periods of coverage are combined, the benefit amount payable under this title shall be based on the proportion of such individual's periods of coverage which were completed under this title; and

(D) than an individual who is entitled to cash benefits under this title pursuant to such agreement shall, notwithstanding the provisions of section 202(t), receive such benefits while he legally resides in the foreign country which is a party to such agreement.

(2) To the extent that any such agreement provides that any period of coverage under this title shall not be such a period of coverage because it is a period of coverage under the laws of a foreign country which is a party to such agreement, no employment or self-employment taxes shall be imposed with respect to such period of coverage under the laws of the United States.

(3) Any such agreement may provide that the benefit paid by the United States to an individual who legally resides in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit amount which would be payable to an entitled individual based on the first figure in (or deemed to be in) column IV of the table in section 215(a).

(4) Section 226 shall not apply in the case of any individual to whom it would not be applicable but for this section or any agreement or regulation under this section.

(5) Any such agreement may contain such other provisions, not inconsistent with this section, as the President deems appropriate.

#### *Regulations*

(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

#### *Reports to Congress; Effective Date of Agreements*

(f) (1) Any agreement to establish a totalization arrangement entered into pursuant to this section shall be transmitted by the President to the Congress.

(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1). The continuity of a session is broken (for purposes of this paragraph) only by an adjournment of the Congress *sine die*. The days on which either House of the Congress is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 90-day period.

\* \* \* \* \*

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

**Part A—Aid to Families With Dependent Children  
Appropriation**

**Sec. 401.** For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid and services to needy families with children.

**State Plans for Aid and Services to Needy Families with  
Children**

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

- (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;
- (2) provide for financial participation by the State;
- (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;
- (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to families with dependent children is denied or is not acted upon with reasonable promptness;
- (5) provide (A) such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency; and

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

(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income (*including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954*) and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as any *child care* expenses reasonably attributable to the earning of any such income;

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

(A) shall with respect to any month disregard—

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

(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, [the first \$30 of the total of such earned income for such month plus one-third of the remainder of such income for such month] (I) *the first \$60 of earned income for individuals who are employed at least 40 hours per week, or at least 35 hours per week and are earning at least \$64 per week, and (II) the first \$30 of earned income for other individuals, plus in each case, one-third of up to \$300 of additional earnings, and one-fifth of such additional earnings in excess of \$300, except that in each case an amount equal to the reasonable child care expenses incurred (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income* (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 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 four months preceding such month, the needs of such person were met by the furnishing of aid under the plan;

(9) provide safeguards which ~~restrict~~ *permit* the use or disclosure of information concerning applicants and recipients ~~to~~ *only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;*

(10) provide, effective July 1, 1951, that all individuals wishing to make application for aid to families with dependent children shall have opportunity to do so, and that aid to families with dependent children shall, *subject to paragraphs (25) and (26)*, be furnished with reasonable promptness to all eligible individuals;

(11) ~~effective July 1, 1952,~~ provide for prompt notice (*including the transmittal of all relevant information*) to the State child support collection agency (*established pursuant to part D of this title*) of the furnishing of aid to families with dependent children in respect of a child who has been deserted or abandoned by a parent (*including a child born out of wedlock without regard to whether the paternity of such child has been established*);

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

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

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

(15) provide (A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases (including minors who can be considered to be sexually active) family planning services are offered to them and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services,<sup>1</sup> but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (14) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;

(16) ~~provide~~ *provide*—(A) *that the State agency will provide such services as are necessary to aid the prevention, identification, and treatment of child abuse and neglect and, wherever feasible, to make it possible for the child to remain in the home; and (B) that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or, other agency, including law enforcement agencies, in the State providing such data with respect to the situation it may have;*

~~[(17) provide—~~

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

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

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

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

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

(19) provide—

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

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

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

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

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

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

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

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

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

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

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the pro-

gram established by section 432(b) (3) shall be disregarded in determining the needs of an individual under section 402(a) (7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account:

(E) [Repealed].

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

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

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

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

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

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

(G) that the State agency will 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;

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

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

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

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

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

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

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

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

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



such parent with respect to whom aid is being provided under the plan of such other State; and

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

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

(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the administration of such plan;

(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

(B) to cooperate with the State (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of this paragraph, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subparagraphs (A) through (E) of such section); and

(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan.

(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for aid to families with dependent children a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for one year immediately preceding the application for such aid, or (2) who was born within one year immediately preceding the application, if the parent or other relative with whom the child is living has resided in the State for one year immediately preceding the birth.

(c) The Secretary shall, on the basis of his review of the reports received from the States under clause (15) of subsection (a), compile such data as he believes necessary and from time to time publish his

findings as to the effectiveness of the programs developed and administered by the States under such clause. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the programs developed and administered by each State under such clause (15).

#### Payment to States

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

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

(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$18 multiplied by the total number of recipients of aid to families with dependent children for such month (which total number, for purposes of this subsection, means (i) the number of individuals with respect to whom such aid in the form of money payments is paid for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to families with dependent children in the form of medical or any other type of remedial care, plus (iii) the number of individuals, not counted under clause (i) or (ii), with respect to whom payments described in section 406(b)(2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2)); plus

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

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

not counting so much of any expenditure with respect to any month as exceeds \$18 multiplied by the total number of recipients of such aid for such month; and

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

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

(i) any of the services *which the State determines should be provided, including those* 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)] *subparagraph (A) (i)* 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,] *as determined by the State* has been or is likely to become an applicant for or recipient of such aid.

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

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

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

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

[ (D) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under

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

(4) [Repealed]

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

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

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

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

(2) The Secretary of Health, Education, and Welfare shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health, Education, and Welfare, (A) reduced or increased, as the case may be, by any sum by which the Secretary of Health, Education, and Welfare finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which

the United States is equitably entitled, as determined by the Secretary of Health, Education, and Welfare, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to families with dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health, Education, and Welfare for such prior quarter.

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

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

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

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

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

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

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

(2) in the immediately preceding fiscal year (but, in the case of the fiscal year beginning July 1, 1972, only considering the third and fourth quarters thereof), failed to carry out the provisions of

section 402(a)(15)(B) of the Social Security Act with respect to any individual who, within such period or periods as the Secretary may prescribe, has been an applicant for or recipient of aid to families with dependent children under the plan of the State approved under this part.

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

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

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

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

(h) *Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1975, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after June 30, 1975 (but, in the case of the fiscal year beginning July 1, 1975, only considering the third and fourth quarters thereof).*

#### Operation of State Plans

Sec. 404. (a) In the case of any State plan for aid and services to needy families with children which has been approved by the Secretary of Health, Education, and Welfare, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence requirement prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 402

(a) to be included in the plan;

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 such prohibited requirement is no longer so imposed, and that there is no longer 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).

(b) No payment to which a State is otherwise entitled under this title for any period before September 1, 1962, shall be withheld by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan approved under this part with respect to a child because of the conditions in the home in which the child resides; nor shall any such payment be withheld for any period beginning on or after such date by reason of any action taken pursuant to such a statute if provision is otherwise made pursuant to a State statute for adequate care and assistance with respect to such child.

(c) *No State shall be found, prior to January 1, 1976, to have failed substantially to comply with the requirements of section 402(a) (27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.*

(d) *After December 31, 1975, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a) (27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section.*

#### Use of Payments for Benefit of Child

Sec. 405. Whenever the State agency has reason to believe that any payments of aid to families with dependent children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of protective payments as provided under section 406(b) (2), or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered aid to families with dependent children.

#### Definitions

Sec. 406. When used in this part—

(a) The term "dependent child" means a needy child (1) who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, step-sister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of such relatives as his or their own home,

and (2) who is (A) under the age of eighteen, or (B) under the age of twenty-one and (as determined by the State in accordance with standards prescribed by the Secretary) a student regularly attending a school, college, or university, or regularly attending a course of vocational or technical training designed to fit him for gainful employment;

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

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

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

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

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

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



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

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

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

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

(B) such services as may be specified by the Secretary; but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

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

(f) *Notwithstanding the provisions of subsection (b), the term "aid to families with dependent children" does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate.*

#### Dependent Children of Unemployed Fathers

Sec. 407. (a) The term "dependent child" shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a)(2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance

with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 406(a)(1) in a place of residence maintained by one or more of such relatives as his (or their) own home.

(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

(1) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subsection

(a) when—

(A) such child's father has not been employed (as determined in accordance with the standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment, and

(C) (i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

(2) provides—

(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be certified to the Secretary of Labor as provided in section 402(a)(19) within thirty days after receipt of aid with respect to such children;

(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a)—

(i) if, and for so long as, such child's father is not currently registered with the public employment offices in the State; and

(ii) with respect to any week for which such child's father receives unemployment compensation under an unemployment compensation law of a State or of the United States.

(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection

(a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2), under the program therein specified, to certify such father to the Secretary of Labor pursuant to section 402(a)(19).

(d) For purposes of this section—

(1) the term “quarter of work” with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a “quarter of coverage” as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

(2) the term “calendar quarter” means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

(3) an individual shall be deemed qualified for unemployment compensation under the State’s unemployment compensation law if—

(A) he would have been eligible to receive such unemployment compensation upon filing application, or

(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application.

### **Federal Payments for Foster Home Care of Dependent Children**

Sec. 408. Effective for the period beginning May 1, 1961—

(a) the term “dependent child” shall, notwithstanding section 406(a), also include a child (1) who would meet the requirements of such section 406(a) or of section 407, except for his removal after April 30, 1961, from the home of a relative (specified in such section 406(a)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child, (2) whose placement and care are the responsibility of (A) the State or local agency administering the State plan approved under section 402, or (B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in paragraph (f)(1) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402, (3) who has been placed in a foster family home or child-care institution as a result of such determination, and (4) who (A) received aid under such State plan in or for the month in which court proceedings leading to such determination were initiated, or (B) (i) would have received such aid in or for such month if application had been made therefor,

or (ii) in the case of a child who had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month he had been living with (and removed from the home of) such a relative and application had been made therefor;

(b) the term "aid to families with dependent children" shall, notwithstanding section 406(b), include also foster care in behalf of a child described in paragraph (a) of this section—

(1) in the foster family home of any individual, whether the payment therefor is made to such individual or to a public or nonprofit private child-placement or child-care agency, or

(2) in a child-care institution, whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary with a view to including as "aid to families with dependent children" in the case of such foster care in such institutions only those items which are included in such term in the case of foster care in the foster family home of an individual;

(c) the number of individuals counted under clause (A) of section 403(a)(1) for any month shall include individuals (not otherwise included under such clause) with respect to whom expenditures were made in such months as aid to families with dependent children in the form of foster care; and

(d) services described in paragraph (f)(2) of this section shall be considered as part of the administration of the State plan for purposes of section 403(a)(3);

but only with respect to a State whose State plan approved under section 401—

(e) includes aid for any child described in paragraph (a) of this section, and

(f) includes provision for (1) development of a plan for each such child (including periodic review of the necessity for the child's being in a foster family home or child-care institution) to assure that he receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a relative specified in section 406(a), and (2) use by the State or local agency administering the State plan, to the maximum extent practicable, in placing such a child in a foster family home or child-care institution, of the services of employees, of the State public-welfare agency referred to in section 522(a) (relating to allotments to States for child welfare services under part 3 of title V) or of any local agency participating in the administration of the plan referred to in such section, who perform functions in the administration of such plan.

For the purposes of this section, the term "foster family home" means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing; and the term "child-care in-

stitution" means a nonprofit private child-care institution which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing.

#### Community Work and Training Programs

**Sec. 409.** (a) For the purpose of assisting the States in encouraging, through community work and training programs of a constructive nature, the conservation of work skills and the development of new skills for individuals who have attained the age of 18 and are receiving aid to families with dependent children, under conditions which are designed to assure protection of the health and welfare of such individuals and the dependent children involved, expenditures (other than for medical or any other type of remedial care) for any month with respect to a dependent child (including payments to meet the needs of any relative or relatives, specified in section 406(a), with whom he is living) under a State plan approved under section 402 shall not be excluded from aid to families with dependent children because such expenditures are made in the form of payments for work performed in such month by any one or more of the relatives with whom such child is living if such work is performed for the State agency or any other public agency under a program (which need not be in effect in all political subdivisions of the State) administered by or under the supervision of such State agency, if there is State financial participation in such expenditures, and if such State plan includes—

(1) provisions which, in the judgment of the Secretary, provide reasonable assurance that—

(A) appropriate standards for health, safety, and other conditions applicable to the performance of such work by such relatives are established and maintained;

(B) payments for such work are at rates not less than the minimum rate (if any) provided by or under State law for the same type of work and not less than the rates prevailing on similar work in the community;

(C) such work is performed on projects which serve a useful public purpose, do not result either in displacement of regular workers or in the performance by such relatives of work that would otherwise be performed by employees of public or private agencies, institutions, or organizations, and (except in cases of projects which involve emergencies or which are generally of a nonrecurring nature) are of a type which has not normally been undertaken in the past by the State or community, as the case may be;

(D) in determining the needs of any such relative, any additional expenses reasonably attributable to such work will be considered;

(E) any such relative shall have reasonable opportunities to seek regular employment and to secure any appropriate training or retraining which may be available;

(F) any such relative will, with respect to the work so performed, be covered under the State workmen's compensation law or be provided comparable protection; and

(G) aid under the plan will not be denied with respect to any such relative (or the dependent child) for refusal by such relative to perform any such work if he has good cause for such refusal;

(2) provision for entering into cooperative arrangements with the system of public employment offices in the State looking toward employment or occupational training of any such relatives performing work under such program, including appropriate provision for registration and periodic reregistration of such relatives and for maximum utilization of the job placement services and other services and facilities of such offices;

(3) provision for entering into cooperative arrangements with the State agency or agencies responsible for administering or supervising the administration of vocational education and adult education in the State, looking toward maximum utilization of available public vocational or adult education services and facilities in the State in order to encourage the training or retraining of any such relatives performing work under such program and otherwise assist them in preparing for regular employment;

(4) provision for assuring appropriate arrangements for the care and protection of the child during the absence from the home of any such relative performing work under such program in order to assure that such absence and work will not be inimical to the welfare of the child;

(5) provision that there be no adjustment or recovery by the State or any political subdivision thereof on account of any payments which are correctly made for such work; and

(6) such other provisions as the Secretary finds necessary to assure that the operation of such program will not interfere with achievement of the objectives set forth in section 401.

(b) In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under section 402, the proper and efficient administration of the State plan, for purposes of section 403(a) (3) and (4) may not include the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in subsection (a) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.

#### **[Assistance by Internal Revenue Service in Locating Parents**

**[Sec. 410.** (a) Upon receiving a report from a State agency made pursuant to section 402(a) (21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Serv-

ice, and shall furnish any address so ascertained to the State agency which submitted such report.

[(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a).]

### Part B—Child-Welfare Services

#### Appropriation

**Sec. 420.** For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child-welfare services, the following sums are hereby authorized to be appropriated: \$196,000,000 for the fiscal year ending June 30, 1973, \$211,000,000 for the fiscal year ending June 30, 1974, \$226,000,000 for the fiscal year ending June 30, 1975, \$246,000,000 for the fiscal year ending June 30, 1976, and \$266,000,000 for each fiscal year thereafter.

#### Allotments to States

**Sec. 421.** The sum appropriated pursuant to section 420 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot \$70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 423) bears to the sum of the corresponding products of all the States.

#### Payment to States

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

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

(A) provides that (i) the State agency designated pursuant to section 402(a) (3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, the organizational unit in such State or local agency established pursuant to section 402(a) (15) will be responsible for furnishing such child-welfare services,

(B) provides for coordination between the services provided under such plan and the services provided for dependent children under the State plan approved under part A

of this title, with a view to provision of welfare and related services which will best promote the welfare of such children and their families, [and]

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

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

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

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

(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

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

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

(D) provides for the establishment and implementation of protective services for children including, but not limited to—

(i) procedures for the discovery and reporting of instances of neglect or abuse of children, including a systematic method for receiving reports of suspected or known instances of child abuse or neglect on a twenty-four hour a day basis,

(ii) use of the full resources of local communities including public and nonprofit agencies and organizations



*which provide services and activities that would be beneficial to a child and his parents or guardians,*

*(iii) provisions of services, where feasible, to make it possible for the child to remain in the home,*

*(iv) cooperation with the appropriate courts and law enforcement officials in instances of child neglect and abuse, and*

*(v) a central collection point for all data and information on child abuse and neglect, and*

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

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

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

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

(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State

for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.

#### Allotment Percentage and Federal Share

**Sec. 423.** (a) The "allotment percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be the percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

(b) The "Federal share" for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such States bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than  $33\frac{1}{3}$  per centum or more than  $66\frac{2}{3}$  per centum, and (2) the Federal share shall be  $66\frac{2}{3}$  per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

(c) The Federal share and allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Federal shares and allotment percentages promulgated under section 524(c) of the Social Security Act in 1966 shall be effective for purposes of this section for the fiscal years ending June 30, 1968, and June 30, 1969.

(d) For purposes of this section, the term "United States" means the fifty States and the District of Columbia.

#### Reallotment

**Sec. 424.** The amount of any allotment to a State under section 421 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in such section shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under that section and (2) will be able to use such excess amounts during such fiscal year. Such reallotments shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallotted to a State shall be deemed part of its allotment under section 421.

### Definition

**Sec. 425.** For purposes of this title, the term "child-welfare services" means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.

### Research, Training, or Demonstration Projects

**Sec. 426.** (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine—

(1) for grants by the Secretary—

(A) to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child-welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare;

(B) to State or local public agencies responsible for administering, or supervising the administration of, the plan under this part, for projects for the demonstration of the utilization of research (including findings resulting therefrom) in the field of child welfare in order to encourage experimental and special types of welfare services; and

(C) to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary; and

(2) for contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research, special projects, or demonstration projects relating to such matters.

(b) Payments of grants or under contracts or cooperative arrangements under this section 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 grants, contracts, or other arrangements.

### National Adoption Information Exchange System

**Sec. 427.** (a) *The Secretary of Health, Education, and Welfare is hereby authorized to provide information, utilizing computers and*

*modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.*

*(b) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for succeeding fiscal years, to carry out this section.*

### **Part C—Work Incentive Program for Recipients of Aid Under State Plan Approved Under Part A**

#### **Purpose**

**Sec. 430.** The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

#### **Appropriation**

**Sec. 431.** (a) There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33 $\frac{1}{3}$  per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients

of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

#### Establishment of Programs

Sec. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) of this section) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

(b) Such programs shall include, but shall not be limited to, (1) (A) a program placing as many individuals as is possible in employment, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of public service employment for individuals for whom a job in the regular economy cannot be found.

(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private non-profit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.

(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

(f) (1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

(3) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the Labor Market Advisory Council for such area.

#### Operation of Program

Sec. 433. (a) The Secretary shall provide a program of testing and counseling for all persons certified to him by a State, pursuant to section 402(a)(19)(G), and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program. The Secretary, in carrying out such program for individuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him.

(b) (1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a)(19)(G) a statewide operational plan.

(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which the information provided by the Labor Market Advisory

Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19)(G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

(3) The Secretary shall develop an employability plan for each suitable person certified to him under section 402(a)(19)(G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting.

(c) The Secretary shall make maximum use of services available from other Federal and State agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participant in securing and retaining employment and securing possibilities for advancement.

(e) (1) In order to develop public service employment under the program established by section 432(b)(3), the Secretary shall enter into agreements with (A) public agencies, (B) private nonprofit organizations established to serve a public purpose, and (C) Indian tribes with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

(2) Such agreements shall provide—

(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost of providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;

(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work in public service employment for such employer;

(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and

(D) that the Secretary may terminate any agreement under this subsection at any time.

(3) Repealed.

(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

(f) Before entering into a project under section 432(b)(3), the Secretary shall have reasonable assurances that—

(1) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

(2) such project will not result in the displacement of employed workers,

(3) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

(4) appropriate workmen's compensation protection is provided to all participants.

(g) Where an individual certified to the Secretary of Labor pursuant to section 402(a)(19)(G) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which certified such individual and submit such other information as he may have with respect to such refusal.

(h) With respect to individuals who are participants in public service employment under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b)(1) and (2).

#### **Incentive Payment**

**Sec. 434. (a)** The Secretary is authorized to pay to any participant under a program established by section 432(b)(2) an incentive payment of not more than \$30 per month, payable in such amounts and at such times as the Secretary prescribes.

(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training.

#### **Federal Assistance**

**Sec. 435. (a)** Federal assistance under this part shall not exceed 90 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.



(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program.

#### Period of Enrollment

Sec. 436. (a) The program established by section 432(b)(2) shall be designed by the Secretary so that the average period of enrollment under all projects under such program throughout any area of the United States will not exceed one year.

(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed jointly by him and the Secretary of Health, Education, and Welfare) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

#### Relocation of Participants

Sec. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

#### Participants Not Federal Employees

Sec. 438. Participants in programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

#### Rules and Regulations

Sec. 439. The Secretary and the Secretary of Health, Education, and Welfare shall, not later than July 1, 1972, issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b).

### **Annual Report**

**Sec. 440.** The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

### **Evaluation and Research**

**Sec. 441.** (a) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also may conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this part. Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part.

### **Technical Assistance for Providers of Employment or Training**

**Sec. 442.** The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b).

### **Collection of State Share**

**Sec. 443.** If a non-Federal contribution of 10 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(19)(C)) equals 10 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assurances from the State that such 10 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

**Agreements With Other Agencies Providing Assistance to  
Families of Unemployed Parents**

Sec. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals certified by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals certified to the Secretary by a State agency administering or supervising the administration of a State plan approved by the Secretary of Health, Education, and Welfare under part A of this title.

(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

(1) the purpose of which is to provide aid or assistance to the families of unemployed parents,

(2) which is not established pursuant to part A of title IV of the Social Security Act,

(3) which is financed entirely from funds appropriated by the Congress, and

(4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

(c) (1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by section 402(a)(19) in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.

(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in public service employment under section 433(a) (3) whom the Secretary determines should continue to participate in such employment. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been certified to the Secretary by such agency under section 402(a) (19) (G) for a period of at least six months.

### **Part D—Child Support and Establishment of Paternity**

#### **Appropriation**

*Sec. 451. For the purpose of enforcing the support obligations owned by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.*

#### **Duties of the Secretary**

*Sec. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of the Assistant Secretary for Child Support, who shall report directly to the Secretary and who shall—*

*(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;*

*(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;*

*(3) review and approve State plans for such programs;*

*(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;*

*(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;*

*(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;*

*(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;*

(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

(9) operate the Parent Locator Service established by section 453;

(10) establish or designate regional laboratories as authorized by section 461 to provide services in analyzing and classifying blood for the purpose of establishing paternity; and

(11) not later than June 30 of each year beginning after December 31, 1974, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

(c) (1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

#### Parent Locator Service

Sec. 453. (a) The Secretary shall establish and conduct a Parent Locator Service under the direction of the Assistant Secretary for Child Support which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be

used to locate such parent for the purpose of enforcing support obligations against such parent.

(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

(2) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, or the United States or of any State.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c) (1).

(c) As used in subsection (a), the term "authorized person" means—

(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

(e) (1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the infor-

mation requested, such individual shall immediately transmit such information to the Secretary, except that if any information is obtained the disclosure of which would contravene national policy or security interests of the United States or the confidentiality of census data, such information shall not be transmitted and such individual shall immediately notify the Secretary. If such search fails to disclose the information requested, such individual shall immediately so notify the Secretary. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Secretary shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c) (3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services.

(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c) (3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

#### **State Plan for Child Support**

**Sec. 454.** *A State plan for child support must—*

(1) *provide that it shall be in effect in all political subdivisions of the State;*

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

(3) *provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Secretary may by regulation prescribe, within the State to administer the plan;*

(4) *provide that such State will undertake—*

(A) *in the case of a child born out of wedlock with respect to whom an assignment under section 402 (a) (26) of this title is effective, to establish the paternity of such child, and*

(B) *in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;*

(5) *provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402 (a) (26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457 (c)) for any month in which the amount collected is sufficient to make such*

family ineligible for assistance under the State plan approved under part A;

(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

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

(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

(A) all sources of information and available records, and

(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

(A) in establishing paternity, if necessary,

(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

(D) in carrying out other functions required under a plan approved under this part;

(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

(11) provide that amounts collected as child support shall be distributed as provided in section 457;

(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.



*Payments to States*

**Sec. 455.** *From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1975.*

*Support Obligations*

**Sec. 456.** (a) *The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.*

(1) *The amount of such obligation shall be—*

(A) *the amount specified in a court order which covers the assigned support rights, or*

(B) *if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and*

(2) *Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1) (A) and (B).*

(b) *A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.*

*Distribution of Proceeds*

**Sec. 457.** (a) *The amounts collected as child support by a State pursuant to a plan approved under this part during the fiscal year beginning July 1, 1974, shall be distributed as follows:*

(1) *40 per centum of the first \$50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;*

(2) *such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);*

(3) *such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and*

(4) *such amounts as are in excess of amounts required to be distributed under paragraphs (1), (2), and (3) shall be (A)*

retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after June 30, 1975, shall be distributed as follows:

(1) such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

#### *Incentive Payment to Localities*

**Sec. 458.** (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights assigned under section 402 (a) (26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—

(1) an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or re-

pay assistance payments) which is attributable to the support obligation owed for 12 months; and

(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first 12 months for which such collections are made.

(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

### **Consent by the United States to Garnishment and Similar Proceedings for Enforcement of Child Support and Alimony Obligations**

**Sec. 459.** Notwithstanding any other provision of law, effective January 1, 1974, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

### **Civil Actions To Enforce Child Support Obligations**

**Sec. 460.** The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 452(a) (8) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides.

### **Regional Laboratories To Establish Paternity Through Analysis and Classification of Blood**

**Sec. 461.** (a) The Secretary shall, after appropriate consultation and study of the use of blood typing as evidence in judicial proceedings to establish paternity, establish, or arrange for the establishment or designation of, in each region of the United States, a laboratory which he determines to be qualified to provide services in analyzing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it.

(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such region) that such laboratory has been so established or designated to provide services, in analyzing and classifying blood for the purpose of determining paternity, for courts and public agencies in such region.

(c) The facilities of any such laboratory shall be made available

*without cost to courts and public agencies in the region to be served by it.*

*(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.*

\* \* \* \* \*

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

\* \* \* \* \*

**Payments to States**

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

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

[(A)] (1) 75 per centum of so much of such expenditures as are for—

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

[(ii)] (B) other services [, specified by the Secretary as] which (as determined by the State) are likely to prevent or reduce dependency [, so provided] and which are provided to such applicants or recipients, or

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

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

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

[(C)] (2) one-half of the remainder of such expenditures.

\* \* \* \* \*

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

(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

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

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

\* \* \* \* \*

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

\* \* \* \* \*

Payments to States

Sec. 1003. (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 to the blind, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) \* \* \*

\* \* \* \* \*

(3) in the case of any State [whose State plan approved under section 1002 meets the requirements of subsection (c) (1)] an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary

of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which [are prescribed pursuant to subsection (c) (1) and] are provided [(in accordance with the next sentence)] to applicants for or recipients of aid to the blind to help them attain or retain capability for self-support or self-care, or

(ii) other services [, specified by the Secretary as] *which (as determined by the State) are likely to prevent or reduce dependency, [so] and which are provided to such applicants or recipients, or*

(iii) any of the services [prescribed pursuant to subsection (c) (1), and of the services specified as provided in clause (ii), which the Secretary may specify as] *described in clauses (i) and (ii) which the State determines to be appropriate for individuals who [, within such period or periods as the Secretary may prescribe,] have been or are likely to become (as determined by the State) applicants for or recipients of aid to the blind, if such services are requested by [such individuals] and [are] provided to such individuals [in accordance with the next sentence], or*

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

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

[(C)] (B) one-half of the remainder of such expenditures. [The services referred to in subparagraph (A) and (B) shall, except to the extent specified by the Secretary, include only—

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

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

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

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

¶(4) in the case of any State whose State plan approved under section 1002 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.¶

\* \* \* \* \*

¶(c) (1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1002 must provide that the State agency shall make available to applicants for or recipients of aid to the blind at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

¶(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearings to the State agency administering or supervising the administration of such plan, that—

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

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

¶the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.¶

¶ \* \* \* \* \*

TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL  
STANDARDS REVIEW

Part A—General Provisions

Definitions

**Sec. 1101.** (a) When used in this Act—

(1) The term “State”, except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles ~~【I,】~~ IV, V, VII, ~~【X,】~~ XI, ~~【XIV, XVI,】~~ and XIX includes the Virgin Islands and Guam. Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands.

\* \* \* \* \*

(8) (A) The “Federal percentage” for any State (other than Puerto Rico, the Virgin Islands, and Guam) shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the United States; except that the Federal percentage shall in no case be less than 50 per centum or more than 65 per centum.

(B) The Federal percentage for each State (other than Puerto Rico, the Virgin Islands, and Guam) shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961.

(C) The term “United States” means (but only for purposes of subparagraphs (A) and (B) of this paragraph) the fifty States and the District of Columbia.

(D) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe a Federal percentage for Alaska of 50 per centum and, for purposes of such promulgations, Alaska shall not be included as part of the “United States.” Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years.

*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.*

\* \* \* \* \*

### **Disclosure of Information in Possession of Department**

**Sec. 1106.** (a) No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code of 1939, or under chapter 2 or 21 or, pursuant thereto, under subtitle F of the Internal Revenue Code of 1954, or under regulations made under authority thereof, which has been transmitted to the Secretary of Health, Education, and Welfare by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Secretary or by any officer or employee of the Department of Health, Education, and Welfare in the course of discharging the duties of the Secretary under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Secretary or from any officer or employee of the Department of Health, Education, and Welfare, shall be made except as the Secretary may by regulations prescribe *and except as provided in part D of title IV of this Act.* Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both.

(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (a) of this section, and requests for services, may, subject to such limitations as may be prescribed by the Secretary to avoid undue interference with his functions under this Act, be complied with if the agency, person, or organization making the request agrees to pay for the information or services requested in such amount, if any (not exceeding the cost of furnishing the information or services), as may be determined by the Secretary. Payments for information or services furnished pursuant to this section shall be made in advance or by way of reimbursement, as may be requested by the Secretary, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund) for the unit or units of the Department of Health, Education, and Welfare which furnished the information or services. *Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV.*

[(c) (1) (A) Upon request (filed in accordance with paragraph (2) of this subsection) of any State or local agency participating in administration of the State plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV, or participating in the administration of any other State or local public assistance program, for the most recent address of any individual included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205, the Secretary shall furnish such address, or the address of the most recent employer, or both, if such agency certifies that—

[(i) an order has been issued by a court of competent jurisdiction against such individual for the support and maintenance of his child or children who are under the age of 16 in destitute or necessitous circumstances,

[(ii) such child or children are applicants for or recipients of assistance available under such a plan or program.

[(iii) such agency has attempted without success to secure such information from all other sources reasonably available to it, and

[(iv) such information is requested (for its own use, or on the request and for the use of the court which issued the order) for the purpose of obtaining such support and maintenance.

[(B) If a request for the most recent address of any individual so included is filed (in accordance with paragraph (2) of this subsection) by a court having jurisdiction to issue orders or entertain petitions against individuals for the support and maintenance of their children, the Secretary shall furnish such address, or the address of the individual's most recent employer, or both, for the use of the court (and for no other purpose) in issuing or determining whether to issue such an order against such individual or in determining (in the event such individual is not within the jurisdiction of the court) the court to which a petition for support and maintenance against such individual should be forwarded under any reciprocal arrangements with other States to obtain or improve court orders for support, if the court certifies that the information is requested for such use.

[(2) A request under paragraph (1) shall be filed in such manner and form as the Secretary may prescribe (and, in the case of a request under paragraph (1) (A), shall be accompanied by a certified copy of the order referred to in clauses (i) and (iv) thereof).

[(3) The penalties provided in the second sentence of subsection (a) shall apply with respect to use of information provided under paragraph (1) of this subsection except for the purpose authorized by subparagraph (A) (iv) or (B) thereof.

[(4) The Secretary, in such cases and to such extent as he may prescribe in accordance with regulations, may require payment for the cost of information provided under paragraph (1); and the provisions of the second sentence of subsection (b) shall apply also with respect to payment under this paragraph.]

\* \* \* \* \*

#### Demonstration Projects

Sec. 1115. (a) In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist

in promoting the objectives of title I, VI, X, XIV, XVI, or XIX, or part A of title IV, in a State or States—

**[A]** (1) the Secretary may waive compliance with any of the requirements of section 2, 402, 602, 1002, 1402, 1602, or 1902, as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

**[B]** (2) costs of such project which would not otherwise be included as expenditures under section 3, 403, 603, 1003, 1403, 1603, or 1903, as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, as may be appropriate.

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

*(b) (1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—*

*(A) provide that not more than one such project be conducted on a Statewide basis;*

*(B) provide that in making arrangements for public service employment—*

*“ (i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,*

*(ii) such project will not result in the displacement of employed workers,*

*(iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and*

*(iv) appropriate workmen's compensation protection is provided to all participants;*

*(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.*

*(2) Any State which establishes and conducts demonstration projects under this subsection, may, with respect to any such project—*

*(A) waive, subject to paragraph (3), any or all of the requirements of sections 402(a)(1) (relating to Statewide operation), 402(a)(3) (relating to administration by a single State agency), 402(a)(8) (relating to disregard of earned income, except that*

*no such waiver of 402(a) (8) shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a) (relating to the work incentive program);*

*(B) subject to paragraph (4), use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individual participating in such projects under part A of title IV for any fiscal year in which such demonstration projects are conducted; and*

*(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972 (86 Stat. 919) for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subparagraph (B).*

*(3) Notwithstanding the provisions of paragraph (2) (A), the Secretary may review any waiver made by a State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall be terminated not later than the last day of the month following the month in which such waiver was disapproved.*

*(4) Any amount payable to a State under section 403(a) on behalf of an individual participating in a project under this section shall not be increased by reason of the participation of such individual in any demonstration project conducted under this subsection over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.*

*(5) Participation in a project established under this section shall not be considered to constitute employment for purposes of any finding with respect to unemployment as that term is used in section 407.*

*(6) Any demonstration project established and conducted pursuant to the provisions of this subsection shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the provisions of this subsection shall be terminated not later than June 30, 1976.*

#### **Administrative and Judicial Review of Certain Administrative Determinations**

**Sec. 1116.** (a) (1) Whenever a State plan is submitted to the Secretary by a State for approval under title I, VI, X, XIV, XVI, or XIX, or part A of title IV, he shall not later than 90 days after the date the plan is submitted to him, make a determination as to whether it conforms to the requirements for approval under such title. The 90-day period provided herein may be extended by written agreement of the Secretary and the affected State.

(2) Any State dissatisfied with a determination of the Secretary under paragraph (1) with respect to any plan may, within 60 days after it has been notified of such determination, file a petition with the Secretary for reconsideration of the issue of whether such plan con-

forms to the requirements for approval under such title. Within 30 days after receipt of such a petition, the Secretary shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issue. Such hearing shall be held not less than 20 days nor more than 60 days after the date notice of such hearing is furnished to such State, unless the Secretary and such State agree in writing to holding the hearing at another time. The Secretary shall affirm, modify, or reverse his original determination within 60 days of the conclusion of the hearing.

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

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

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

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

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

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

\* \* \* \* \*

Limitation on Federal Participation for Capital Expenditures

Sec. 1122. (a) \* \* \*

\* \* \* \* \*

(c) The Secretary shall pay any such State from the Federal Hospital Insurance Trust Fund, in advance or by way of reimbursement as may be provided in the agreement with it (and may make adjustments in such payments on account of overpayments or under payments previously made), for the reasonable cost of *submitting to the Secretary reports of disapproved capital expenditures together with the reasonable cost of processing and adjudicating appeals from the recommendation made by the designated agency concerning such expenditures* [performing the functions specified in subsection (b)].

(d)(1) Except as provided in paragraph (2), if the Secretary determines that—

(A) neither the planning agency designated in the agreement described in subsection (b) nor an agency described in clause (ii) of subparagraph (B) of this paragraph had been given notice of any proposed capital expenditure (in accordance with such procedure or in such detail as may be required by such agency) at least 60 days prior to obligation for such expenditure; or

(B)(i) the planning agency so designated or an agency so described had received such timely notice of the intention to make such capital expenditure and had, within a reasonable period after receiving such notice and prior to obligation for such expenditure, notified the person proposing such expenditure that the expenditure would not be in conformity with the standards, criteria, or plans developed by such agency or any other agency described in clause (ii) for adequate health care facilities in such State or in the area for which such other agency has responsibility, and

(ii) the planning agency so designated had, prior to submitting to the Secretary the findings referred to in subsection (b)—

(I) consulted with, and taken into consideration the findings and recommendations of, the State planning agencies established pursuant to sections 314(a) and 604(a) of the Public Health Service Act (to the extent that either such agency is not the agency so designated) as well as the public or nonprofit private agency or organization responsible for the comprehensive regional, metropolitan area, or other local area plan or plans referred to in section 314(b) of the Public Health Service Act and covering the area in which the health care facility or health maintenance organization proposing such capital expenditure is located (where such agency is not the agency designated in the agreement), or, if there is no such agency, such other public or nonprofit private agency or organization (if any) as performs, as determined in accordance with criteria included in regulations, similar functions, and

(II) granted to the person proposing such capital expenditure an opportunity for a fair hearing with respect to such findings;

then, for such period as he finds necessary in any case to effectuate the purpose of this section, he shall, in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in the health care facility for which such capital expenditure is made, not include any amount which is attributable to deprecia-

tion, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditure. With respect to any organization which is reimbursed on a per capita or a fixed fee or negotiated rate basis, in determining the Federal payments to be made under titles V, XVIII, and XIX, the Secretary shall exclude an amount which in his judgment is a reasonable equivalent to the amount which would otherwise be excluded under this subsection if payment were to be made on other than a per capita or a fixed fee or negotiated rate basis.

(2) If the Secretary, after submitting the matters involved to the advisory council established or designated under subsection (i), determines that an exclusion of expenses related to any capital expenditure of any health care facility or health maintenance organization would discourage the operation or expansion of such facility or organization, or of any facility of such organization, which has demonstrated to his satisfaction proof of capability to provide comprehensive health care services (including institutional services) efficiently, effectively, and economically, or would otherwise be inconsistent with the effective organization and delivery of health services or the effective administration of title V, XVIII, or XIX, he shall not ~~include~~ exclude such expenses pursuant to paragraph (1).

\* \* \* \* \*

#### Limitation on Funds for Certain Social Services

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

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

~~[(2)]~~ of the amounts paid (under 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 title 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) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, X, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan approved under such title, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services, to the extent that such services are social services (as determined by the State) and the Federal share of their aggregate cost does not exceed the allocation to the State (for the fiscal year involved) under this section (or section 132 of the Social Security Amendments of 1973); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements im-*



posed by section 402(a) with respect to the provision of social services to recipients of aid under such plan.

(d) For purposes of subsection (c) and for purposes of part A of title IV, VI, X, XIV, and XVI, the services referred to in subsection (c) as "social services"—

(1) shall be such services as each State determines to be appropriate for meeting any of the following specific goals:

(A) *Self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency;*

(B) *Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children;*

(C) *Community-based care goal: To secure and maintain community-based care which approximates a home environment, when living at home is not feasible and institutional care is inappropriate; or*

(D) *Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible; and*

(2) include the following services:

(A) *child care services for children, 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 service is needed (i) in order to enable a member of such child's family to accept or continue in employment, or to participate in education or training to prepare such member for employment, or (ii) because of the death, continued absence from the home, incapacity or inability of the child's mother, or the inability of any member of such child's family to provide adequate care and supervision for such child;*

(B) *child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;*

(C) *services for children in foster care, including services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished under the State's title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those forms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive*

home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

(D) protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

(E) family planning services (including social, educational, and medical services for any female of child bearing age and any other appropriate individual needing such service): Provided, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for any other service;

(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

(G) services for adults in foster care not available under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including assessment of need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and services to assist adults in leaving foster care to attain independent living;

(H) homemaker services for individuals in their own homes, including helping individuals to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker;

(I) chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialists;

(J) home delivery or congregate meals and the preparation and delivery of hot meals to an individual in his home or in a central dining facility, to assist the individual to remain in his home, and to assure sound nutrition;

(K) day care services for adults, including meal preparation and serving, companionship, educational and recreational

activities, and rehabilitation activity when provided for less than a twenty-four-hour period in a group or family setting;

(L) health-related services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and other needed health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

(M) home management and other functional educational services, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance;

(N) Housing improvement services, including helping individuals to obtain or retain adequate housing and minor repairs necessary for personal protection;

(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish paternity and child support and services related to adoption;

(P) transportation services necessary to travel to and from community facilities or resources for receipt of services;

(Q) educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program;

(R) employment services to enable individuals to secure paid employment or training leading to such employment, including vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment and other services that will assist in the individual's plan for achieving full or partial self-support, where there are needs not met by the work incentive program;

(S) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, personal, or economic habilitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and sociolegal services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar

*special services for other individuals requiring such services because of developmental disability;*

*(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication skills; special aids and appliances; and special counseling for caretakers of blind children and adults;*

*(V) services for alcoholism and drug addiction for an individual who is becoming dependent on or is addicted to alcohol or other drugs as determined by the standards set by the State agency designated by the State under the Comprehensive Alcohol Abuse and Treatment Act of 1970 and the Drug Abuse and Treatment Act of 1972, if such services are needed as part of a program for prevention or treatment of addiction or the conditions arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients receiving services in a supportive environment (such as a halfway house, hostel, or foster home) and including medical services (such as psychiatric services) incidental to the provision of a social service;*

*(W) special services for the emotionally disturbed as defined by the State;*

*(X) special services for the physically handicapped as defined by the State; and*

*(Y) any other services which the State finds appropriate for meeting the goals of self-support, family care or self-care, community based care, or institutional care.*

*(e) (1) Effective July 1, 1974, Federal financial assistance which is subject to the limitation imposed by subsections (a) and (b) shall be available for a new purchase of services from a public agency (other than the single State agency) only for services beyond those represented by the expenditures for the previous fiscal year of the provider agency (or its predecessor) for the type of service and type of persons covered by the agreement.*

*(2) A purchase of services in any fiscal year shall not be considered a new purchase of services to the extent that an equivalent purchase of services from the same provider agency (or its predecessor) was made in any of the three preceding fiscal years and was included in the expenditures for which Federal financial participation was provided under titles I, VI, X, XIV, or XVI or Part A of title IV.*

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

### ***Annual Reports by Secretary on Social Services***

**Sec. 1131.** *(a) Not later than June 30, 1975, and June 30 of each year thereafter, the Secretary shall submit to Congress a report on social services programs under sections 3, 403, 603, 1003, 1403, and 1603. Such report shall include information on a State-by-State basis as to the amounts of funds expended for each type of service (classified in such categories as the Secretary may determine to be appropriate), and such other data and information as may be appropriate.*

(b) *The Secretary shall require the States to make such reports concerning their use of Federal social services funds which shall be the basis of the report required by subsection (a).*

\* \* \* \* \*

*Use of Donated Funds in Provision of Social Services*

*Sec. 1132. For purposes of the services to which the provisions of section 1130 are applicable, donated private funds (including in-kind contributions, as defined in OMB Circular A-102, as in effect on October 1, 1973) for services shall be considered as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).*

\* \* \* \* \*

*Designation of Professional Standards Review Organizations*

*Sec. 1152. (a) \* \* \**

\* \* \* \* \*

(c) (1) The Secretary shall not enter into any agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1) (A) prior to January 1, 1976, nor after such date, unless, in such area, there is no organization referred to in subsection (b) (1) (A) which meets the conditions specified in subsection (b) (2).

(2) Whenever the Secretary shall have entered into an agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1) (A), he shall not renew such agreements with such organization if he determines that—

(A) there is in such area an organization referred to in subsection (b) (1) (A) which (i) has not been previously designated as a Professional Standards Review Organization, and (ii) is willing to enter into an agreement under this part under which such organization would be designated as the Professional Standards Review Organization for such area;

(B) such organization meets the conditions specified in subsection (b) (2); and

(C) the designation of such organization as the Professional Standards Review Organization for such area is anticipated to result in substantial improvement in the performance in such area of the duties and functions required of such organizations under this part.

(3) *The Secretary shall give priority to designation of local areas and priority in designation as the Professional Standards Review Organization for any area to an otherwise qualified or-*

ganization proposed to be established and operated at a local level.

(d) \* \* \*

\* \* \* \* \*

(g) *In carrying out the provisions of this section, the Secretary may designate, as an appropriate area with respect to which a Professional Standards Review Organization may be designated, an area encompassing a whole State; and the Secretary shall not refuse to designate any qualified organization as the Professional Standards Review Organization with respect to such area solely because of the number of physicians in such State.*

\* \* \* \* \*

### Statewide Professional Standards Review Councils; Advisory Groups to Such Councils

Sec. 1162. (a) In any State in which there are located ~~three~~ one or more Professional Standards Review Organizations, the Secretary shall establish a Statewide Professional Standards Review Council.

(b) (1) The membership of any such Council for any State in which there are located three or more Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

~~[(1)]~~ (A) one representative from and designated by each Professional Standards Review Organization in the State;

~~[(2)]~~ (B) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

~~[(3)]~~ (C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

(2) The membership of any such Council for any State in which there are located two Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

(A) two representatives from and designated by each Professional Standards Review Organization in the State;

(B) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

(3) *The membership of any such Council for any State in which there is located one Professional Standards Review Organization shall be appointed by the Secretary and shall consist of—*

(A) *four physicians who shall be nominated by and elected from among the general membership of the Professional Standards Review Organization annually;*

(B) *two physicians who may be designated by the State hospital association of such State to serve as members on such Council; and*

(C) *four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).*

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TITLE XIV—GRANTS TO STATES FOR AID TO THE  
PERMANENTLY AND TOTALLY DISABLED

\* \* \* \* \*

Payments to States

Sec. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay (subject to section 1130) to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) \* \* \*

\* \* \* \* \*

(3) in the case of any State [whose State plan approved under section 1402 meets the requirements of subsection (c) (1)], an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which are [prescribed pursuant to subsection (c) (1) and are] provided [(in accordance with the next sentence)] to applicants for or recipients of aid to the permanently and totally disabled to help them attain or retain capability of self-support or self-care, or

(ii) other services [specified by the Secretary as] which (as determined by the State) are likely to prevent or reduce dependency, [so] and which are provided to such applicants or recipients, or

(iii) any of the services [prescribed pursuant to subsection (c) (1), and of the services specified as provided in clause (ii), which the Secretary may specify as] described in clauses (i) and (ii) which the State determines to be appropriate for individuals who [, within such pe-

riod or periods as the Secretary may prescribe,] have been or are likely to become (*as determined by the State*) applicants for or recipients of aid to the permanently and totally disabled, if such services are requested by [such individuals] and [are] provided to such individuals [in accordance with the next sentence], or

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

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

[(C)] (B) one-half of the remainder of such expenditures. [The services referred to in subparagraphs (A) and (B) shall except to the extent specified by the Secretary, include only—

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

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

[except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the



portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

[(4) in the case of any State whose State plan approved under section 1402 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.]

\* \* \* \* \*

[(c) (1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1402 must provide that the State agency shall make available to applicants for or recipients of aid to the permanently and totally disabled at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

[(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

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

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

[the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.]

\* \* \* \* \*

**TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED,  
BLIND, OR DISABLED FOR SUCH AID AND MEDICAL  
ASSISTANCE FOR THE AGED**

\* \* \* \* \*

**Payments to States**

**Sec. 1603.** (a) From the sums appropriated therefor, the Secretary shall pay (subject to section 1130) to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1962—

(1) \* \* \*

\* \* \* \* \*

(4) in the case of any State [whose State plan approved under section 1602 meets the requirements of subsection (c)(1),] an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which [are prescribed pursuant to subsection (c)(1) and] are provided [(in accordance with the next sentence)] to applicants for or recipients of aid or assistance under the plan to help them attain or retain capability for self-support or self-care, or

(ii) other services [, specified by the Secretary as] *which (as determined by the State) are likely to prevent or reduce dependency [, so] and which are provided to such applicants or recipients, or*

(iii) any of the services [prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as] *described in clauses (i) and (ii) which the State determines to be appropriate for individuals who [, within such period or periods as the Secretary may prescribe.] have been or are likely to become (as determined by the State) applicants for or recipients of aid or assistance under the plan if such services are requested by [such individuals] and [are] provided to such individuals [in accordance with the next sentence], or*

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

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

[(C)] (B) one-half of the remainder of such expenditures. [The services referred to in subparagraphs (A) and (B) shall, except to the extent specified by the Secretary, include only—

[(D) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State

agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and

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

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

[(5) in the case of any State whose State plan approved under section 1602 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph.]

\* \* \* \* \*

[(c) (1) In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 1602 must provide that the State agency shall make available to applicants for or recipients of aid to the aged, blind, or disabled under such State plan at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

[(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

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

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

【the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection.】

\* \* \* \* \*

## TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

### 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.

\* \* \* \* \*

### 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.]

(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 that individual and his spouse (as the case may be) do 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.*

### 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.]

(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) and 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."

## Income

### Meaning of Income

**Sec. 1612. (a) \* \* \***

\* \* \* \* \*

### 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) (A) 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;

(B) monthly (or other periodic) payments received by an individual (or his eligible spouse) under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in excess of 24 years in such State by such 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-supported 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.

\* \* \* \* \*

## 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.

*(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.*

(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).

\* \* \* \* \*

#### 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.

*(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.*

**Part B—Procedural and General Provisions**

**Payments and Procedures**

**Payment of Benefits**

**Sec. 1631. (a) (1) \* \* \***

(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) *solely because such individual is determined not to be disabled.*

\* \* \* \* \*

**Procedures; Prohibitions of Assignments; Representation of Claimants**

(d) (1) The provisions of section 207 and subsections (a), (d), (e), [and] (f), and (n) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

\* \* \* \* \*

**TITLE XVIII.—HOSPITAL INSURANCE FOR THE AGED AND DISABLED**

\* \* \* \* \*

**Requirement of Requests and Certifications**

**Sec. 1814. (a) \* \* \***

\* \* \* \* \*

(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by regulations, except that the first of such recertifications shall be required in each case of inpatient hospital services not later than the 20th day of such period) that—

(A) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or

(ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;

(B) in the case of inpatient tuberculosis hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the treatment of an individual for tuberculosis; and such treatment can or could reasonably be expected to (i) improve the condition for which such treatment is or was necessary or (ii) render the condition non-communicable;

(C) in the case of post-hospital extended care services, such services are or were required to be given because the individual needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services, which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis, for any of the conditions with respect to which he was receiving inpatient hospital services (or services which would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (9) of section 1861(e)) prior to transfer to the skilled nursing facility or for a condition requiring such extended care services which arose after such transfer and while he was still in the facility for treatment of the condition or conditions for which he was receiving such inpatient hospital services;

(D) in the case of post-hospital home health services, such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, or physical, *occupational*, or speech therapy, for any of the conditions with respect to which he was receiving inpatient hospital services (or services which would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (9) of section 1861(e)) or post-hospital extended care services; a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; and such services are or were furnished while the individual was under the care of a physician; or

(E) in the case of inpatient hospital services in connection with [a dental procedure, the individual suffers from impairments of such severity as to require hospitalization;] *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;*

\* \* \* \* \*

(7) with respect to inpatient hospital services or post-hospital extended care services furnished such individual during a continuous period, a finding has not been made (by the physician members of the committee or group, as described in section

1861(k) (4), including any finding made in the course of a sample or other review of admissions to the institution) pursuant to the system of utilization to review that further inpatient hospital services or further post-hospital extended care services, as the case may be, are not medically necessary; except that, if such a finding has been made, payment may be made for such services furnished before the 4th day after the day on which the hospital or skilled nursing facility, as the case may be, received notice of such finding.

To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where, at a later date, a physician makes certification of the kind provided in subparagraph (A), (B), (C), ~~or D~~ (D), or (E) of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

\* \* \* \* \*

#### Procedure for Payment of Claims of Providers of Services

**Sec. 1835.** (a) Except as provided in subsections (b), (c), and (e), payment for services described in section 1832(a) (2) furnished an individual may be made only to providers of services which are eligible therefor under section 1866(a), and only if—

(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that, where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year; and

(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by regulations) that—

(A) in the case of home health services (i) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m) (7)) and needed skilled nursing care on an intermittent basis, or physical, *occupational*, or speech therapy, (ii) a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;

(B) in the case of medical and other health services except services described in subparagraphs (B), (C), and (D) of section 1861(s) (2), such services are or were medically required; and

(C) in the case of outpatient physical therapy services, (i) such services are or were required because the individual needed physical therapy services, (ii) a plan for furnishing such services has been established, and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;

(D) in the case of outpatient speech pathology services, (i) such services are or were required because the individual needed speech pathology services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician § 13; and

(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.

For purpose of this section, the term "provider of services" shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services as therein defined. To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where at a later date, a physician makes a certification of the kind provided in subparagraph (A) or (B) of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

\* \* \* \* \*

**State Agreements for Coverage of Eligible Individuals Who Are Receiving Money Payments Under Public Assistance Programs (or are Eligible for Medical Assistance)**

Sec. 1843. (a) The Secretary shall, at the request of a State made before January 1, 1970, enter into an agreement with such State pursuant to which all eligible individuals in either of the coverage groups described in subsection (b) (as specified in the agreement) will be enrolled under the program established by this part.

(b) An agreement entered into with any State pursuant to subsection (a) may be applicable to either of the following coverage groups:

(1) individuals receiving money payments under the plan of such State approved under title I or title XVI; or

(2) individuals receiving money payments under all of the plans of such State approved under titles I, X, XIV, and XVI, and part A of title IV.

Except as provided in subsection (g), there shall be excluded from any coverage group any individual who is entitled to monthly insurance benefits under title II or who is entitled to receive an annuity or pension under the Railroad Retirement Act of 1937. *Effective January 1, 1974, and subject to section 1902(e), 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.*

### Part C—Miscellaneous Provisions

#### Definition of Services, Institutions, etc.

Sec. 1861. For purposes of this title—

\* \* \* \* \*

#### Outpatient Physical Therapy Services

(p) The term “outpatient physical therapy services” means physical therapy services furnished by a provider of services, a clinic, rehabilitation agency, or a public health agency, or by others under an arrangement with, and under the supervision of, such provided, clinic, rehabilitation agency, or public health agency to an individual as an outpatient—

(1) who is under the care of a physician (as defined in section 1861(r)(1)), and

(2) with respect to whom a plan prescribing the type, amount, and duration of physical therapy services that are to be furnished such individual has been established, and is periodically reviewed, by a physician (as so defined);

excluding, however—

(3) any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital; and

(4) any such service—

(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—

(i) provides an adequate program of physical therapy services for outpatients and has the facilities and personnel required for such program or required for the supervision of such a program, in accordance with such requirements as the Secretary may specify.

(ii) has policies, established by a group of professional personnel, including one or more physicians (associated with the clinic or rehabilitation agency) and one or more qualified physical therapists, to govern the services (referred to in clause (i)) it provides,

(iii) maintains clinical records on all patients,

(iv) if such clinic or agency is situated in a State in which State or applicable local law provides for the licensing of institutions of this nature, (I) is licensed pursuant to such law, or (II) is approved by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

(v) meets such other conditions relating to the health and safety of individuals who are furnished services by such clinic or agency on an outpatient basis, as the Secretary may find necessary, or

(B) if furnished by a public health agency, unless such agency meets such other conditions relating to health and safety of individuals who are furnished services by such agency on an outpatient basis, as the Secretary may find necessary. The term "outpatient physical therapy services" also includes physical therapy services furnished an individual by a physical therapist (in his office or in such individual's home) who meets licensing and other standards prescribed by the Secretary in regulations, otherwise than under an arrangement with and under the supervision of a provider of services, clinic, rehabilitation agency, or public health agency, if the furnishing of such services meets such conditions relating to health and safety as the Secretary may find necessary. In addition, such term includes physical therapy services which meet the requirements of the first sentence of this subsection except that they are furnished to an individual as an inpatient of a hospital or extended care facility. The term "outpatient physical therapy services" also includes speech pathology services *and occupational therapy services* furnished by a provider of services, a clinic, rehabilitation agency, or by a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in this subsection *except that the requirements of paragraph (2) insofar as they require a physician to establish a plan prescribing the type, amount, and duration of speech pathology services to be furnished shall not apply if such a plan is established by the speech pathologist providing such services.*

\* \* \* \* \*

### Exclusions From Coverage

**Sec. 1862.** (a) Notwithstanding any other provisions of this title, no payment may be made under part A or part B for any expenses incurred for items or services—

(1) which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member;

(2) for which the individual furnished such items or services has no legal obligation to pay, and which no other person (by



reason of such individual's membership in a prepayment plan or otherwise) has a legal obligation to provide or pay for;

(3) which are paid for directly or indirectly by a governmental entity (other than under this Act and other than under a health benefits or insurance plan established for employees of such an entity), except in such cases as the Secretary may specify;

(4) which are not provided within the United States (except for inpatient hospital services furnished outside the United States under the conditions described in section 1814(f) and, subject to such conditions, limitations, and requirements as are provided under or pursuant to this title, physicians' services and ambulance services furnished an individual in conjunction with such inpatient hospital services but only for the period during which such inpatient hospital services were furnished);

(5) which are required as a result of war, or of an act of war, occurring after the effective date of such individual's current coverage under such part;

(6) which constitute personal comfort items;

(7) where such expenses are for routine physical checkups, eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, hearing aids or examinations therefor, or immunizations;

(8) where such expenses are for orthopedic shoes or other supportive devices for the feet;

(9) where such expenses are for custodial care;

(10) where such expenses are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or for improvement of the functioning of a malformed body member;

(11) where such expenses constitute charges imposed by immediate relatives of such individual or members of his household;

(12) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth except that payment may be made under part A in the case of inpatient hospital services in connection with [a dental procedure where the individual suffers from impairments of such severity as to require hospitalization; or] *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*

(13) where such expenses are for—

(A) the treatment of flat foot conditions and the prescription of supporting devices therefor.

(B) the treatment of subluxations of the foot, or

(C) routine foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygiene care).

(b) Payment under this title may not be made with respect to any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations), with respect to such item or service, under a workmen's compensation law or plan of the United States or a State. Any pay-

ment under this title with respect to any item or service shall be conditioned on reimbursement to the appropriate Trust Fund established by this title when notice or other information is received that payment for such item or service has been made under such a law or plan.

(c) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, [1975,] 1976, if such item or service is covered under a health benefits plan in which such individual is enrolled under chapter 89 of title 5, United States Code, unless prior to the date on which such item or service is so furnished the Secretary shall have determined and certified that such plan or the Federal employees health benefits program under chapter 89 of such title 5 has been modified so as to assure that—

(1) there is available to each Federal employee or annuitant enrolled in such plan, upon becoming entitled to benefits under part A or B, or both parts A and B of this title, in addition to the health benefits plans available before he becomes so entitled, one or more health benefits plans which offer protection supplementing the protection he has under this title, and

(2) the Government or such plan will make available to such Federal employee or annuitant a contribution in an amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of his coverage under this title, or (C) a combination of such contribution and such payment.

\* \* \* \* \*

#### Administration

**Sec. 1874.** (a) Except as otherwise provided in this title and in the Railroad Retirement Act of 1937, the insurance programs established by this title [shall be administered by the Secretary.] *and section 226 shall be administered by the Secretary; and the Secretary, in administering such programs, shall assign primary policy, operating, and general administrative responsibility to the commissioner of Social Security.* The Secretary may perform any of his functions under this title directly, or by contract providing for payment in advance or by way of reimbursement, and in such installments, as the Secretary may deem necessary.

(b) The Secretary may contract with any person, agency, or institution to secure on a reimbursable basis such special data, actuarial information, and other information as may be necessary in the carrying out of his functions under this title.

(c) In the course of any hearing, investigation, or other proceeding that he is authorized to conduct under this title, the Secretary may administer oaths and affirmations.

\* \* \* \* \*

### Payments to Health Maintenance Organizations

**Sec. 1876.** (a)(1) In lieu of amounts which would otherwise be payable pursuant to sections 1814(b) and 1833(a), the Secretary is authorized to determine, by actuarial methods, as provided in this section, but only with respect to a health maintenance organization with which he has entered into a contract under subsection (i), a per capita rate of payment—

(A) for services provided under parts A and B for individuals enrolled with such organization pursuant to subsection (e) who are entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B, and

(B) for services provided under part B for individuals enrolled with such organization pursuant to subsection (e) who are not entitled to benefits under part A but who are enrolled for benefits under part B.

(2) An interim per capita rate of payment for each health maintenance organization shall be determined annually by the Secretary on the basis of each organization's annual operating budget and enrollment forecast which shall be submitted (in such form and in such detail as the Secretary may prescribe) at least 90 days before the beginning of each contract year. Each interim rate shall be equal to the estimated per capita cost (based upon types and components of expenses otherwise reimbursable under this title) of providing services defined in paragraph (3)(A)(iii). In the event that the data requested to be furnished by a health maintenance organization are not furnished timely, such reduction in interim payments may be made by the Secretary as is appropriate, until such time as a reasonable estimate of per capita costs can be made. Each month, the Secretary shall pay each such organization its interim per capita rate, in advance, for each individual enrolled with it pursuant to subsection (e). Each such organization shall submit interim estimated cost reports and enrollment data on a quarterly basis in such form and manner satisfactory to the Secretary, and the Secretary shall adjust each interim per capita rate to the extent necessary to maintain interim payments at the level of current costs. Interim payments made under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

(3)(A) With respect to any health maintenance organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i)(2)(A), payments made to such organization shall be subject to the following adjustments at the end of each contract year:

(i) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is less than the adjusted average per capita incurred cost (as defined herein) of providing such services, the resulting difference (hereinafter referred to as "savings") shall be apportioned following the close of a contract year for such year between such organization and the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (hereinafter collectively referred to as the "Medicare Trust Funds") as follows:

(I) savings up to 20 percent of the adjusted average per capita cost shall be apportioned equally between such organization and the Medicare Trust Funds;

(II) savings in excess of 20 percent of the adjusted average per capita cost shall be apportioned entirely to such Trust Funds;

(ii) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is greater than the adjusted average per capita incurred cost of providing such services, the resulting difference (hereinafter referred to as "losses"), shall be absorbed by such organization, and shall be carried forward and offset from savings realized in later years<sup>1</sup>, with the apportionment of savings being proportional to the losses absorbed and not yet offset<sup>2</sup>;

(iii) determination of any amounts payable at the close of the contract year to such organization or to the Trust Funds shall be made as follows:

(I) within 90 days after close of a contract year, interim determination of the amount of estimated savings and apportionment thereof shall be made, actuarially, on the basis of interim reports of costs incurred by an organization, and adjusted average per capita costs incurred (as defined herein), and other evidence acceptable to the Secretary and one-half of any amounts deemed payable to such organization or the Trust Funds shall be paid by such organization or the Secretary as appropriate;

(II) final settlement and payment by the Secretary or organization, as appropriate, of any additional amounts due on basis of such final settlement will be made where adequate data for actuarial computation are available, in timely fashion following submission by such organization of reports specified in subparagraph (C) of this paragraph; and

(III) where such final settlement is reached more than 90 days following submission of reports specified in subparagraph (C) of this paragraph, any amount payable by the Secretary or organization shall be increased by an interest amount, accruing from the 91st day following submission of such report, equal to the average rate of interest payable on Federal obligations if issued on such 91st day for purchase by the Trust Funds.

(iv) The term "adjusted average per capita cost" means the average per capita amount that the Secretary determines (on the basis of actual experience, or retrospective actuarial equivalent based upon an adequate sample and other information and data, in the geographic area served by a health maintenance organization or in a similar area, with appropriate adjustment to assure actuarial equivalence, including adjustments relating to age distribution, sex, race, institutional status, disability status, and any other relevant factors) would be payable in any contract year for services covered under this title and types of expenses otherwise reimbursable under this title (including administrative costs in-

curred by organizations described in sections 1816 and 1842) if such services were to be furnished by other than such health maintenance organization.

(B) With respect to any health maintenance organization which has entered into a reasonable cost reimbursement contract with the Secretary pursuant to subsection (i) (2) (B), payments made to such organization shall be subject to suitable retroactive corrective adjustments at the end of each contract year so as to assure that such organization is paid for the reasonable cost actually incurred (excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of health services) for the types of expenses otherwise reimbursable under this title for providing services covered under this title to individuals described in paragraph (1).

(C) Any contract with a health maintenance organization under this title shall provide that the Secretary shall require, at such time following the expiration of each accounting period of a health maintenance organization (and in such form and in such detail) as he may prescribe:

(i) that such health maintenance organization report to him in an independently certified financial statement its per capita incurred cost based on the types and components of expenses otherwise reimbursable under this title for providing services described in paragraph (1), including therein, in accordance with accounting procedures prescribed by the Secretary, its methods of allocating costs between individuals enrolled under this section and other individuals enrolled with such organization;

(ii) that failure to report such information as may be required may be deemed to constitute evidence of likely overpayment on the basis of which appropriate collection action may be taken;

(iii) that in any case in which a health maintenance organization is related to another organization by common ownership or control, a consolidated financial statement shall be filed and that the allowable costs for such organization may not include costs for the types of expense otherwise reimbursable under this title, in excess of those which would be determined to be reasonable in accordance with regulations (providing for limiting reimbursement to costs rather than charges to the health maintenance organization by related organizations and owners) issued by the Secretary in accordance with section 1861(v) of the Social Security Act; and

(iv) that in any case in which compensation is paid by a health maintenance organization substantially in excess of what is normally paid for similar services by similar practitioners (regardless of method of compensation), such compensation may as appropriate be considered to constitute a distribution of profits.

(4) The payments to health maintenance organizations under this subparagraph with respect to individuals described in subsection (a) (1)(A) shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund. The portion of such payment to such an organization for a month to be paid by the latter trust fund shall be equal to 200 percent of the sum of—

(A) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1))

who have attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839(c) (1), and

(B) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)) who have not attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839(c) (4).

The remainder of such payment shall be paid by the former trust fund. For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or arewide planning agency, see section 1122.

(b) The term "health maintenance organization" means a public or private organization which—

(1) provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined periodic rate without regard to the frequency or extent of services furnished to any particular enrollee;

(2) provides, either directly or through arrangements with others, to the extent applicable in subsection (c) (through institutions, entities, and persons meeting the applicable requirements of section 1861), all of the services and benefits covered under parts A and B of this title which are available to individuals residing in the geographic area served by the health maintenance organization;

(3) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such organizations, or (B) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

(4) provides either directly or under arrangements with others, the services of a sufficient number of primary care and specialty care physicians to meet the health needs of its members; for purposes of this section the term "specialty care physician" means a physician who is either board certified or eligible for board certification, except that the Secretary may by regulation prescribe conditions under which physicians who have a record of demonstrated proficiency but who are not eligible for board certification may, on the basis of training and experience, be recognized as specialty care physicians;

(5) has effective arrangements to assure that its members have access to qualified practitioners in those specialties which are generally available in the geographic area served by the health maintenance organization;

(6) demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;

(7) except as provided in subsection (h), has at least half of its enrolled members consisting of individuals under age 65;

(8) assures that the health services required by its members are received promptly and appropriately and that the services that are received measure up to quality standards which it establishes in accordance with regulations; and

(9) has an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment (unless to do so would result in failure to meet the requirements of paragraph (7)) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with the regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.

(c) The benefits provided under this section to enrollees of an organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i) (2) (A) shall consist of—

(1) in the case of an individual who is entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B—

(A) entitlement to have payment made on his behalf for all services described in section 1812 and section 1832 which are furnished to him by the health maintenance organization with which he is enrolled pursuant to subsection (e) of this section; and

(B) entitlement to have payment made by such health maintenance organization to him or on his behalf for (i) such emergency services (as defined in regulations), (ii) such urgently needed services (as defined in regulations) furnished to him during a period of temporary absence (as defined in regulations) from the geographic area served by the health maintenance organization with which he is enrolled, and (iii) such other services as may be determined, in accordance with subsection (f), to be services which the individual was entitled to have furnished by the health maintenance organization, as may be furnished to him by a physician, supplier, or provider of services, other than the health maintenance organization with which he is enrolled; and

(2) in the case of an individual who is not entitled to hospital insurance benefits under part A but who is enrolled for medical insurance benefits under part B, entitlement to have payment made for services described in paragraph (1), but only to the extent that such services are also described in section 1832.

(d) Subject to the provisions of subsection (e), every individual described in subsection (c) shall be eligible to enroll with any health maintenance organization (as defined in subsection (b)) which serves the geographic area in which such individual resides.

(e) An individual may enroll with a health maintenance organization under this section, and may terminate such enrollment, as may be prescribed by regulations.

(f) Any individual enrolled with a health maintenance organization under this section who is dissatisfied by reason of his failure to receive without additional cost to him any health service to which he believes he is entitled shall, if the amount in controversy is \$100 or more, be entitled to a hearing before the Secretary to the same extent as is provided in section 205(b) and in any such hearing the Secretary shall make such health maintenance organization a party thereto. If the amount in controversy is \$1,000 or more, such individual or health maintenance organization shall be entitled to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

(g) (1) If the health maintenance organization provides its enrollees under this section only the services described in subsection (c), its premium rate or other charges for such enrollees shall not exceed the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B, if they were not enrolled under this section.

(2) If the health maintenance organization provides to its enrollees under this section services in addition to those described in subsection (c), election of coverage for such additional services shall be optional for such enrollees and such organization shall furnish such enrollees with information on the portion of its premium rate or other charges applicable to such additional services. The portion of *its premium rate or other charges* applicable to the services described in subsection (c) ~~may~~ shall not exceed ~~[(i)]~~ the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B if they were not enrolled under this section ~~[less (ii) the actuarial value of other charges made in lieu of such deductible and coinsurance]~~.

(h) The provisions of paragraph (7) of subsection (b) shall not apply with respect to any health maintenance organization for such period not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to subsection (i), as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year that it is making continuous efforts and progress toward achieving compliance with the provisions of such paragraph (7) within such three-year period.

(i) (1) Subject to the limitations contained in subparagraphs (A) and (B) of paragraph (2), the Secretary is authorized to enter into a contract with any health maintenance organization which undertakes to provide, on an interim per capita prepayment basis, the services described in section 1832 (and section 1812, in the case of individuals who are entitled to hospital insurance benefits under part A) to individuals enrolled with such organization pursuant to subsection (e).

(2) (A) If the health maintenance organization (i) has a current enrollment of not less than 25,000 members on a prepaid capitation basis and has been the primary source of health care of at least 8,000 persons in each of the two years immediately preceding the contract year, or (ii) serves a nonurban geographic area, has a current enrollment of not less than 5,000 members on a prepaid capitation basis and has been the primary source of health care for at least 1,500 per-



sons in each of the three years immediately preceding the contract year, the Secretary may enter into a risk-sharing contract with such organization pursuant to which any savings, as determined pursuant to subsection (a) (3) (A), are shared between such organization and the Medicare Trust Funds in the manner prescribed in such subsection. For purposes of this subparagraph, a health maintenance organization shall be considered to serve a nonurban geographic area if it is located in a nonmetropolitan county (that is, a county with fewer than 50,000 inhabitants), or if it has at least one such county in its normal service area, or if it is located outside of a metropolitan area and its facilities are within reasonable travel distance (as defined by the Secretary) of fewer than 50,000 individuals. No health maintenance organization which has entered into risk-sharing contract with the Secretary under this subparagraph and has voluntarily terminated such contract may again enter into such a contract.

(B) If the health maintenance organization does not meet the requirements of subparagraph (A), or if the Secretary is not satisfied that the health maintenance organization has the capacity to bear the risk of potential losses as determined under clause (ii) of subsection (a) (3) (A), or if the health maintenance organization meeting the requirements of subparagraph (A) so elects, or if an organization does not fully meet the requirements of section 1876(b) but has demonstrated to the satisfaction of the Secretary that it is making reasonable efforts to meet, and is developing the capability to fully meet, such requirements, and that it fully meets such basic requirements as the Secretary shall prescribe in regulations, the Secretary may, if he is otherwise satisfied that the health maintenance organization or other organization is able to perform its contractual obligations effectively and efficiently, enter into a contract with such organization pursuant to which such organization is reimbursed on the basis of its reasonable cost (as defined in section 1861(v)) in the manner prescribed in subsection (a) (3) (B).

(3) Such contract may, at the option of such organization, provide that the Secretary (A) will reimburse hospitals and skilled nursing facilities for the reasonable cost (as determined under section 1861(v)) of services furnished to individuals enrolled with such organization pursuant to subsection (e), and (B) will deduct the amount of such reimbursement from payments which would otherwise be made to such organization. If a health maintenance organization pays a hospital or skilled nursing facility directly, the amount paid shall not exceed the reasonable cost of the services (as determined under section 1861(v)) unless such organization demonstrates to the satisfaction of the Secretary that such excess payments are justified on the basis of advantages gained by the organization.

(4) Each contract under this section shall be for a term of at least one year, as determined by the Secretary, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term; except that the Secretary may terminate any such contract at any time (after such reasonable notice and opportunity for hearing to the health maintenance organization involved as he may provide in regulations), if he finds that the organization (A) has failed substantially to carry out the contract, (B) is carrying out the contract in a manner

inconsistent with the efficient and effective administration of this section, or (C) no longer substantially meets the applicable conditions of subsection (b).

(5) The effective date of any contract executed pursuant to this subsection shall be specified in such contract pursuant to the regulations.

(6) Each contract under this section—

(A) shall provide that the Secretary, or any person or organization designated by him—

(i) shall have the right to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under such contract; and

(ii) shall have the right to audit and inspect any books and records of such health maintenance organization which pertain to services performed and determinations of amounts payable under such contract;

(B) shall provide that no reinsurance costs (other than those with respect to out-of-area services), including any underwriting of risk relating to costs in excess of adjusted average per capita cost, as defined in clause (iii) of subsection (a) (3) (A), shall be allowed for purposes of determining payment, authorized under this section; and

(C) shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary.

(j) The function vested in the Secretary by subsection (i) may be performed without regard to such provisions of law or of other regulations relating to the making, performance, amendment, or modification of contracts of the United States as the Secretary may determine to be inconsistent with the furtherance of the purpose of this title.

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## TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

### Appropriation

**Sec. 1901.** For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or [permanently and totally] disabled individuals, whose income and resources are insufficient to meet the cost of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for medical assistance.

#### State Plans for Medical Assistance

**Sec. 1902.** (a) A State plan for medical assistance must—

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

(2) provide for financial participation by the State equal to not less than 40 per centum of the non-Federal share of the expenditures under the plan with respect to which payments under section 1903 are authorized by this title; and, effective July 1, 1969, provide for financial participation by the State equal to all of such non-Federal share or provide for distribution of funds from Federal or State sources, for carrying out the State plan, on an equalization or other basis which will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan;

(3) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical assistance under the plan is denied or is not acted upon with reasonable promptness;

(4) provide (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods, and including provision for utilization of professional medical personnel in the administration and, where administered locally, supervision of administration of the plan) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community 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;

(5) either provide for the establishment or designation of a single State agency to administer the plan<sup>[.]</sup>; or provide for the establishment or designation of a single State agency to supervise the administration of the plan except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or <sup>[.]</sup>XVI (insofar as it relates to the aged); <sup>[.]</sup>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 programs established under title XVI;

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

(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

(8) provide that all individuals wishing to make application for medical assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

(9) provide—

(A) that the State health agency, or other appropriate State medical agency (whichever is utilized by the Secretary for the purposes specified in the first sentence of section 1864 (a)), shall be responsible for establishing and maintaining health standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services, and

(B) for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards, other than those relating to health, for such institutions:

[(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;]

(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) or (14)] (4), (14), or (16) of section 1905(a) to individuals meeting the age [requirement] 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, [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 [;], 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);

(11)(A) provide for entering into cooperative arrangements with the State agencies responsible for administering or supervising the administration of health services and vocational rehabilitation services in the State looking toward maximum utilization of such services in the provision of medical assistance under the plan; and (B) effective July 1, 1969, provide, to the extent prescribed by the Secretary, for entering into agreements, with any agency, institution, or organization receiving payments for part or all of the cost of plans or projects under title V, (i) providing for utilizing such agency, institution, or organization in furnishing care and services which are available under such plan or project under title V and which are included in the State plan approved under this section and (ii) making such provision as may be appropriate for reimbursing such agency, institution, or organization for the cost of any such care and services furnished any individual for which payment would otherwise be made to the State with respect to him under section 1903;

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

(13) provide—

(A) (i) for the inclusion of some institutional and some non-institutional care and services, and

(ii) for the inclusion of home health services for any individual who, under the State plan, is entitled to skilled nursing home services, and

(B) in the case of individuals receiving aid or assistance under [the State's plan approved under title I, X, XIV, or XVI, or part A of title IV] *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*, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and

(C) in the case of individuals not included under subparagraph (B) for the inclusion of at least—

(i) the care and services listed in clauses (1) through (5) of section 1905(a) or

(ii) (I) the care and services listed in any 7 of the clauses number (1) through [14] (16) of such section and (II) in the event the care and services provided under the State plan include hospital or skilled nursing facility services, physicians' services to an individual in a hospital or skilled nursing facility during any period he is receiving hospital services from such hospital or skilled nursing facility services from such home, and

(D) 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 reviewed and approved by the Secretary and (after notice of approval by the Secretary) included in the plan, except that the reason-

able 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: and

(E) effective July 1, 1976, for payment of the skilled nursing facility and intermediate care facility services provided under the plan on a reasonable cost related basis, as determined in accordance with methods and standards which shall be developed by the State on the basis of cost-finding methods approved and verified by the Secretary;

(14) effective January 1, 1973, provide that—

(A) in case of individuals receiving aid or assistance under [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] *“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)—*

(i) no enrollment fee, premium, or similar charge, and no deduction, cost sharing, or similar charge with respect to the care and services listed in clauses (1) through (5) and (7) of section 1905(a), will be imposed under the plan, and

(ii) any deduction, cost sharing, or similar charge imposed under the plan with respect to other care and services will be nominal in amount (as determined in accordance with standards approved by the Secretary and included in the plan), and

(B) with respect to 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 paragraph (10) (A))* who are not receiving aid or assistance under any such State plan *and with respect to whom supplemental security income benefits are not being paid under title XVI and who do not meet the income and resources requirements of [the one of such State plans which is appropriate 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]* *the appropriate State plan, or the supple-*

*mental security income program under title XVI, as the case may be—*

(i) there shall be imposed an enrollment fee, premium, or similar charge which (as determined in accordance with standards prescribed by the Secretary) is related to the individual's income, and

(ii) any deductible, cost-sharing, or similar charge imposed under the plan will be nominal;

(15) in the case of eligible individuals 65 years of age or older who are covered by either or both of the insurance programs established by title XVIII, provide where, under the plan, all of any deductible, cost sharing, or similar charge imposed with respect to such individual under the insurance program established by such title is not met, the portion thereof which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or his income and resources;

(16) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of medical assistance under the plan to individuals who are residents of the State but are absent therefrom;

(17) include reasonable standards (which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under [the State's plan approved under title I, X, XIV, or XVI or part A of title IV], *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* based on the variations between shelter costs in urban areas and in rural areas) for determining eligibility for and the extent of medical assistance under the plan which (A) are consistent with the objectives of this title, (B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient, and (in the case of any applicant or recipient who would, [if he met the requirements as to need] *except for income and resources*, be eligible for aid or assistance in the form of money payments under [a State plan approved under title I, X, XIV, or XVI, or part A of title IV] *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* as would not be disregarded (or set aside for future needs) in determining his eligibility for [and amount of such aid or assistance under such plan] *such aid, assistance, or benefits*, (C) provide for reasonable evaluation of any such income or resources, and (D) do not take into account the financial responsibility of any individual for any applicant or recipient of assistance under the plan unless such applicant or recipient is such individual's spouse or such individual's child who is under age 21



or **is blind or permanently and totally disabled** (*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)*; and provide for flexibility in the application of such standards with respect to income by taking into account, except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or for any other type of remedial care recognized under State law;

(18) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, in the case of an individual who was 65 years of age or older when he received such assistance, from his estate, and then only after the death of his surviving spouse, if any, and only at a time when he has no surviving child who is under age 21 or **is blind or permanently and totally disabled** (*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)*) of any medical assistance correctly paid on behalf of such individual under the plan;

(19) provide such safeguards as may be necessary to assure that eligibility for care and services under the plan will be determined, and such care and services will be provided, in a manner consistent with simplicity of administration and the best interests of the recipients;

(20) if the State plan includes medical assistance in behalf of individuals 65 years of age or older who are patients in institutions for mental diseases—

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

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

(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services referred to in 3(a)(4)(A)(i) and (ii), *section 603(a)(1)(A)(i) and (ii)* or section 1603(a)(4)(A)(i) and (ii) which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

(D) provide methods of determining the reasonable cost of institutional care for such patients;

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

(22) include descriptions of (A) the kinds and numbers of professional medical personnel and supporting staff that will be used in the administration of the plan and of the responsibilities they will have, (B) the standards, for private or public institutions in which recipients of medical assistance under the plan may receive care or services, that will be utilized by the State authority or authorities responsible for establishing and maintaining such standards, (C) the cooperative arrangements with State health agencies and State vocational rehabilitation agencies entered into with a view to maximum utilization of and coordination of the provision of medical assistance with the services administered or supervised by such agencies, and (D) other standards and methods that the State will use to assure that medical or remedial care and services provided to recipients of medical assistance are of high quality; and

(23) provide that any individual eligible for medical assistance (including drugs) may obtain such assistance from any institution, agency, community pharmacy, or person, qualified to perform the service or services required (including an organization which provides such services, or arranges for their availability, on a prepayment basis), who undertakes to provide him such services; and a State plan shall not be deemed to be out of compliance with the requirements of this paragraph or paragraph (1) or (10) solely by reason of the fact that the State (or any political subdivision thereof) has entered into a contract with an organization which has agreed to provide care and services in addition to those offered under the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization;

(24) effective July 1, 1969, provide for consultative services by health agencies and other appropriate agencies of the State to hospitals, nursing [homes,] *facilities*, home health agencies, clinics, laboratories, and such other institutions as the Secretary may specify in order to assist them (A) to qualify for payments under this Act, (B) to establish and maintain such fiscal records as may be necessary for the proper and efficient administration of this Act, and (C) to provide information needed to determine payments due under this Act on account of care and services furnished to individuals;

(25) provide (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties to pay for care and services (available under the plan) arising out of injury, disease, or disability, (B) that where the State or local agency knows that a third party has such a legal liability such agency will treat such legal liability as a resource of the individual on whose behalf the care and services are made available for purposes of paragraph (17)(B), and (C) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability;

(26) effective July 1, 1969, provide (A) for a regular program of medical review (including medical evaluation) of each patient's need for skilled nursing facility care or (in the case of individuals who are eligible therefor under the State plan) need for care in a mental hospital, a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing facility; (B) for periodic inspections to be made in all skilled nursing facilities and mental institutions (if the State plan includes care in such institutions) within the State by one or more medical review teams (composed of physicians and other appropriate health and social service personnel) of (i) the care being provided in such nursing [homes] *facilities* (and mental institutions, if care therein is provided under the State plan) to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular nursing [homes] *facilities* (or institutions) to meet the current health needs and promote the maximum physical well-being of patients receiving care in such [homes] *facilities* (or institutions), (iii) the necessity and desirability of the continued placement of such patients in such nursing [homes] *facilities* (or institutions), and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections together with any recommendations to the State agency administering or supervising the administration of the State plan;

(27) provide for agreements with every person or institution providing services under the State plan under which such person or institution agrees (A) to keep such records as are necessary fully to disclose the extent of the services provided to individuals

receiving assistance under the State plan, and (B) to furnish the State agency with such information, regarding any payments claimed by such person or institution for providing services under the State plan, as the State agency may from time to time request;

(28) provide that any skilled nursing facility receiving payments under such plan must satisfy all of the requirements contained in section 1861(j), except that the exclusion contained therein with respect to institutions which are primarily for the care and treatment of mental diseases and tuberculosis shall not apply for purposes of this title;

(29) include a State program which meets the requirements set forth in section 1908, for the licensing of administrators of nursing homes;

(30) provide such methods and procedures relating to the utilization of, and the payment for, care and services available under the plan (including but not limited to utilization review plans as provided for in section 1903(i)(4)) as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care;

(31) provide (A) for a regular program of independent professional review (including medical evaluation of each patient's need for intermediate care) and a written plan of service prior to admission or authorization of benefits in an intermediate care facility as determined under regulations of the Secretary; (B) for periodic on-site inspections to be made in all such intermediate care facilities (if the State plan includes care in such institutions) within the State by one or more independent professional review teams (composed of physicians or registered nurses and other appropriate health and social service personnel) of (i) the care being provided in such intermediate care facilities to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular intermediate care facilities to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities, (iii) the necessity and desirability of the continued placement of such patients in such facilities, and (iv) the feasibility of meeting their health care needs through alternative institutional or non-institutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections, together with any recommendations to the State agency administering or supervising the administration of the State plan;

(32) provide that no payment under the plan for any care or service provided to an individual by a physician, dentist, or other individual practitioner shall be made to anyone other than such individual or such physician, dentist, or practitioner, except that payment may be made (A) to the employer of such physician, dentist, or practitioner if such physician, dentist, or practitioner is required as a condition of his employment to turn over his fee for such care or service to his employer, or (B) (where the care

or service was provided in a hospital, clinic, or other facility) to the facility in which the care or service was provided if there is a contractual arrangement between such physician, dentist, or practitioner and such facility under which such facility submits the bill for such care or service:

(33) provide—

(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 medical assistance under the plan in order to provide guidance with respect thereto in the administration of the plan to the State agency established or designated pursuant to paragraph (5) and, where applicable, to the State agency described in the [last sentence] *penultimate sentence* of this subsection; 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 for the State agency administering or supervising the administration of the plan approved under this title the function of determining whether institutions and agencies meet the requirements for participation in the program under such plan;

(34) provide that in the case of any individual who has been determined to be eligible for medical assistance under the plan such assistance will be made available to him for care and services included under the plan and furnished in or after the third month before the month in which he made application (*or application was made on his behalf in the case of a deceased individual*) for such assistance if such individual was (or upon application would have been) eligible for such assistance at the time of such care and services were furnished;

(35) effective January 1, 1973, provide that any intermediate care facility receiving payments under such plan must supply to the licensing agency of the State full and complete information as to the identity (A) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such intermediate care facility *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*, (B) in case an intermediate care facility is organized as a corporation, of each officer and director of the corporation, and (C) in case an intermediate care facility is organized as a partnership, of each partner; and promptly report any changes which would affect the current accuracy of the information so required to be supplied; *and*

[37] (36) provide that within 90 days following the completion of each survey of any health care facility, laboratory, agency, clinic, or organization, by the appropriate State agency

described in paragraph (9), such agency shall (in accordance with regulations of the Secretary) make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory, clinic, agency, or organization with (A) the statutory conditions of participation imposed under this title, and (B) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization.

Notwithstanding paragraph (5), if on January 1, 1965, and on the date on which a State submits its plan for approval under this title, the State agency which administered or supervised the administration of the plan of such State approved under title X (or title XVI, insofar as it relates to the blind) was different from the State agency which administered or supervised the administration of the State plan approved under title I (or title XVI, insofar as it relates to the aged), the State agency which administered or supervised the administration of such plan approved under title X (or title XVI, insofar as it relates to the blind) may be designated to administer or supervise the administration of the portion of the State plan for medical assistance which relates to blind individuals and a different State agency may be established or designated to administer or supervise the administration of the rest of the State plan for medical assistance; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title (except for purposes of paragraph (10)).

For purposes of paragraphs (9) (A), (29), (31), and (33), and of section 1903(i) (4), the term "skilled nursing facility" and "nursing home" do not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

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

- (1) an age requirement of more than 65 years; or
- (2) effective July 1, 1967, any age requirement which excludes any individual who has not attained the age of 21 and is or would, except for the provisions of section 406(a) (2), be a dependent child under part A of subchapter IV of this chapter; or
- (3) any residence requirement which excludes any individual who resides in the State; or
- (4) any citizenship requirement which excludes any citizen of the United States.

(c) Notwithstanding subsection (b), the Secretary shall not approve any State plan for medical assistance if he determines that the approval and operation of the plan will result in a reduction in aid or assistance in the form of money payments (other than so much, if any, of the aid or assistance in such form as was, immediately prior to the effective date of the State plan under this title, attributable to medical needs) provided for eligible individuals under a plan of such State approved under title I, X, XIV, or XVI, or part A of title IV.

(d) (Repealed).

[(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 eligible for assistance pursuant to 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 assistance because of increased income from employment, shall, while a member of such family is employed, remain eligible for such assistance for 4 calendar months following the month in which such family would otherwise be determined to be ineligible for such assistance because of the income and resources limitations contained in such plan.]

*(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.*

\* \* \* \* \*

(f) Notwithstanding any other provision of this title, except as provided in subsection (e), no State *not eligible to participate in the State plan program established under title XVI* shall be required to provide medical assistance to any aged, blind, or disabled individual (within the meaning of title XVI) for any month unless such State would be (or would have been) required to provide medical assistance to such individual for such month had its plan for medical assistance approved under this title and in effect on January 1, 1972, been in effect in such month, except that for this purpose any such individual shall be deemed eligible for medical assistance under such State plan if (in addition to meeting such other requirements as are or may be imposed under the State plan) the income of any such individual as determined in accordance with section 1903(f) (after deducting [such individual's payment under title XVI] *any supplemental security income payment and State supplementary payment made with respect to such individual*, and incurred expenses for medical care [as defined in section 213 of the Internal Revenue Code of 1954] *as recognized under State law*) is not in excess of the standard for medical assistance established under the State plan as in effect on January 1, 1972.

*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."*

### Payment to States

**Sec. 1903.** (a) From the sums appropriated therefor, the Secretary (except as otherwise provided in this section [and section 1117]) shall pay to each State which has a plan approved under this title, for each quarter beginning with the quarter commencing January 1, 1966,

(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b), subject to subsections (g) (e) and (h) of this section) of the total amount expended during such quarter as medical assistance under the State plan (including expenditures for premiums under part B of title XVIII, for [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] 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), and, except in the case of individuals sixty-five years of age or older and disabled individuals entitled to hospital insurance benefits under title XVIII who are not enrolled under part B of title XVIII, other insurance premiums for medical or any other type of remedial care or the cost thereof); plus

(2) an amount equal to 75 per centum of so much of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) as are attributable to compensation or training of skilled professional medical personnel, and staff directly supporting such personnel of the State agency or any other public agency; plus

(3) an amount equal to—

(A) (i) 90 per centum of so much of the sums expended during such quarter as are attributable to the design, development, or installation of such mechanized claims processing



and information retrieval systems as the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of title XVIII, including the State's share of the cost of installing such a system to be used jointly in the administration of such State's plan and the plan of any other State approved under this title, and

(ii) 90 per centum of so much of the sums expended during any such quarter in the fiscal year ending June 30, 1972, or the fiscal year ending June 30, 1973, as are attributable to the design, development, or installation of cost determination systems for State-owned general hospitals (except that the total amount paid to all States under this clause for either such fiscal year shall not exceed \$150,000), and

(B) 75 per centum of so much of the sums expended during such quarter as are attributable to the operation of systems (whether such systems are operated directly by the State or by another person under a contract with the State) of the type described in subparagraph (A) (i) (whether or not designed, developed, or installed with assistance under such subparagraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus

(4) an amount equal to 100 per centum of the sums expended *with respect to costs incurred* during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) which are attributable to compensation or training of personnel (of the State agency or any other public agency) responsible for inspecting public or private institutions (or portions thereof) providing long-term care to recipients of medical assistance to determine whether such institutions comply with health or safety standards applicable to such institutions under this Act; plus

(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;

(6) an amount equal to 50 per centum of the remainder of the amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan.

(b) [(1) (Repealed)]

[(2)] (1) Notwithstanding the preceding provisions of this section, the amount determined under subsection (a) (1) for any State for any quarter beginning after December 31, 1969, shall not take into account any amounts expended as medical assistance with respect to

individuals aged 65 or over *and disabled individuals entitled to hospital insurance benefits under title XVIII* which would not have been so expended if the individuals involved had been enrolled in the insurance program established by part B of title XVIII *other than amounts expended under provisions of the plan as required by section 1902(a)(34)*.

[(3)] (2) 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.

[(c)(1)] If the Secretary finds, on the basis of satisfactory information furnished by a State, that the Federal medical assistance percentage for such State applicable to any quarter in the period beginning January 1, 1966, and ending with the close of June 30, 1969, is less than 105 per centum of the Federal share of medical expenditures by the State during the fiscal year ending June 30, 1965 (as determined under paragraph (2)), then 105 per centum of such Federal share shall be the Federal medical assistance percentage (instead of the percentage determined under section 1905(b)) for such State for such quarter and each quarter thereafter occurring in such period and prior to the first quarter with respect to which such a finding is not applicable.

(2) For purposes of paragraph (1), the Federal share of medical expenditures by a State during the fiscal year ending June 30, 1965, means the percentage which the excess of—

(A) the total of the amounts determined under sections 3, 403, 1003, 1403, and 1603 with respect to expenditures by such State during such year as aid or assistance under its State plans approved under titles, I, IV, X, XIV, and XVI, over

(B) the total of the amounts which would have been determined under such sections with respect to such expenditures during such year if expenditures as aid or assistance in the form of medical or any other type of remedial care had not been counted, is of the total expenditures as aid or assistance in the form of medical or any other type of remedial care under such plans during such year.]

(d) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections (a) [(, (b), and (c))] and (b) 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 subsections, 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 amounts 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. Expenditures for which payments were made to the State under subsection (a) shall be treated as an

overpayment to the extent that the State or local agency administering such plan has been reimbursed for such expenditures by a third party pursuant to the provisions of its plan in compliance with section 1902(a)(25).

(3) The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to medical assistance furnished under the State plan shall be considered an overpayment to be adjusted under this subsection.

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

(e) ~~[(Repealed).]~~ *With respect to amounts expended during any quarter (commencing with the calendar quarter which begins on January 1, 1974) as medical assistance under the State plan (including amounts for premiums as described in subsection (a)(1)) in providing services to any individual who, at any time during the twelve-month period ending with the month preceding the month in which he received such services resided on or adjacent to a Federal Indian reservation, and was eligible for comprehensive health services under the Indian Health Service program conducted within the Public Health Service, the Federal medical assistance percentage shall be increased to 100 per centum.*

(f) (1) (A) Except as provided in paragraph (4), payment under the preceding provisions of this section shall not be made with respect to any amount expended as medical assistance in a calendar quarter, in any State, for any member of a family the annual income of which exceeds the applicable income limitation determined under this paragraph.

(B) (i) Except as provided in clause (ii) of this subparagraph, the applicable income limitation with respect to any family is the amount determined, in accordance with standards prescribed by the Secretary, to be equivalent to 133 $\frac{1}{3}$  percent of the highest amount which would ordinarily be paid to a family of the same size without any income or resources, in the form of money payments, under the plan of the State approved under part A of title IV of this Act.

(ii) If the Secretary finds that the operation of a uniform maximum limits payments to families of more than one size, he may adjust the amount otherwise determined under clause (i) to take account of families of different sizes.

(C) The total amount of any applicable income limitation determined under subparagraph (B) shall, if it is not a multiple of \$100 or such other amount as the Secretary may prescribe, be rounded to the next higher multiple of \$100 or such other amount, as the case may be.

(2) In computing a family's income for purposes of paragraph (1), there shall be excluded any costs (whether in the form of insurance premiums or otherwise) incurred by such family for medical care or for any other type of remedial care recognized under State law.

(3) For purposes of paragraph (1) (B), in the case of a family consisting of only one individual, the "highest amount which would ordinarily be paid" to such family under the State's plan approved

under part A of title IV of this Act shall be the amount determined by the State agency (on the basis of reasonable relationship to the amounts payable under such plan to families consisting of two or more persons) to be the amount of the aid which would ordinarily be payable under such plan to a family (without any income or resources) consisting of one person if such plan (without regard to section 408) provided for aid to such a family.

[(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 who, at the time of the provision of the medical assistance giving rise to such expenditure—

[(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

[(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution.]

“(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.”*

(g)(1) With respect to amounts paid for the following services furnished under the State plan after June 30, 1973 (other than services furnished pursuant to a contract with a health maintenance organization as defined in section 1876), the Federal medical assistance percentage shall be decreased as follows: After an individual has received care as an inpatient in a hospital (including an institution for tuberculosis), skilled nursing facility or intermediate care facility on 60 days, or in a hospital for mental diseases on 90 days (whether or not such days are consecutive), during any fiscal year, which for pur-

poses of this section means the four calendar quarters ending with June 30, the Federal medical assistance percentage with respect to amounts paid for any such care furnished thereafter to such individual in the same fiscal year shall be decreased by 33 $\frac{1}{3}$  per centum thereof unless the State agency responsible for the administration of the plan makes a showing satisfactory to the Secretary that, with respect to each calendar quarter for which the State submits a request for payment at the full Federal medical assistance percentage for amounts paid for inpatient hospital services (including tuberculosis hospitals), skilled nursing facility services, or intermediate care facility services furnished beyond 60 days (or inpatient mental hospital services furnished beyond 90 days), there is in operation in the State an effective program of control over utilization of such services; such a showing must include evidence that—

(A) in each case for which payment is made under the State plan, a physician certifies at the time of admission, or, if later, the time the individual applies for medical assistance under the State plan (and recertifies, where such services are furnished over a period of time, in such cases, at least every 60 days, and accompanied by such supporting material, appropriate to the case involved, as may be provided in regulations of the Secretary), that such services are or were required to be given on an inpatient basis because the individual needs or needed such services; and

(B) in each such case, such services were furnished under a plan established and periodically reviewed and evaluated by a physician;

(C) such State has in effect a continuous program of review of utilization pursuant to section 1902(a) (30) whereby the necessity for admission and the continued stay of each patient in such institution is periodically reviewed and evaluated (with such frequency as may be prescribed in regulations of the Secretary) by medical and other professional personnel who are not themselves directly responsible for the care of the patient [and who are not employed by] or financially interested in any such institution *or, except in the case of hospitals, employed by the institution*; and

(D) such State has an effective program of medical review of the care of patients in mental hospitals, skilled nursing facilities, and intermediate care facilities pursuant to section 1902(a) (26) and (31) whereby the professional management of each case is reviewed and evaluated at least annually by independent professional review teams.

In determining the number of days on which an individual has received services described in this subsection, there shall not be counted any days with respect to which such individual is entitled to have payments made (in whole or in part) on his behalf under section 1812.

(2) The Secretary shall, as part of his validation procedures under this subsection, conduct sample onsite surveys of private and public institutions in which recipients of medical assistance may receive care and services under a State plan approved under this title, and his findings with respect to such surveys (as well as the showings of the State agency required under this subsection) shall be made available for public inspection.

(h) (1) If the Secretary determines for any calendar quarter beginning after June 30, 1973, with respect to any State that there does not exist a reasonable cost differential between the statewide average cost of skilled nursing facility services and the statewide average cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise be considered as expenditures under the State plan by any amount which in his judgment is a reasonable equivalent of the difference between the amount of the expenditures by such State for intermediate care facility services and the amount that would have been expended by such State for such services if there had been a reasonable cost differential between the cost of skilled nursing facility services and the cost of intermediate care facility services.

(2) In determining whether any such cost differential in any State is reasonable the Secretary shall take into consideration the range of such cost differentials in all States.

(3) For the purposes of this subsection, the term "cost differential" for any State for any quarter means, as determined by the Secretary on the basis of the data for the most recent calendar quarter for which satisfactory data are available, the excess of—

(A) the average amount paid in such State (regardless of the source of payment) per inpatient day for skilled nursing facility services, over

(B) the average amount paid in such State (regardless of the source of payment) per inpatient day for intermediate care facility services.

(4) For purposes of this subsection, the term "cost" shall mean amounts reimbursable by the State under a State plan approved under this title.

(i) Payment under the preceding provisions of this section shall not be made—

(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 care or services furnished under the plan by a hospital or skilled nursing facility unless such hospital or skilled nursing home has in effect a utilization review plan which meets the requirements imposed by section 1861(k) for purposes of title XVIII; and if such hospital or skilled nursing facility 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 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).

(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 increases in per diem costs which result directly from increases in the Federal minimum wage, 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.

(j)(1) Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this subsection) with respect to expenditures incurred by it for services provided by any institution during any period that an order for suspension of payment (as authorized by this subsection) is effective with respect to such institution.

(2) The Secretary may issue a suspension of payment order with respect to any institution if—

(A) such institution (i) does not (at the time such order is issued) have in effect an agreement with the Secretary which is entered into pursuant to section 1866; and (ii) did (prior to the time such order is issued) have in effect such an agreement; and

(B) (i) The Secretary has been unable to collect (or make satisfactory arrangement for the collection of) amounts due on account of overpayments made to such institution under title XVIII; or

(ii) the Secretary has been unable to obtain from such institution the data and information necessary to enable him to determine the amount (if any) of the overpayments made to such institution under title XVIII.

(3) Whenever the Secretary issues any order for suspension of payment under this subsection with respect to any institution, he shall submit a notice of such order to the single State agency (referred to in section 1902(a)(5)) of each State which he has reason to believe does or may utilize the services of such institution in providing medical assistance under a plan approved under this title.

(4) Any order for suspension of payment issued with respect to any institution under this subsection shall become effective, in the case of any State plan approved under this title, on the 60th day after the date the State agency (referred to in section 1902(a)(5)) administering or supervising the administration of such plan receives notice of such order submitted pursuant to paragraph (3). Any such order shall cease to be effective at such time as the Secretary is satisfied that the institution is participating in substantial negotiations which seek to remedy the conditions which gave rise to his order of suspension of payments, or that the amounts (referred to in paragraph (2)) are no longer due from such institution or that a satisfactory arrangement has been made for the payment by such institution of any such amounts. Upon the determination of the Secretary that any such order with respect to any such institution shall cease to be effective, he shall forthwith notify each State agency to which he has therefore submitted notice under paragraph (3) with respect to such institution.

(5) Whenever any order which has been issued by the Secretary under the preceding provisions of this subsection with respect to an institution ceases to be effective, any payment to which any State would (except for the preceding provisions of this subsection) have been entitled under this section on account of services provided by such institution shall be made to such State for the month in which such order ceases to be effective.

(k) The Secretary is authorized to provide at the request of any State (and without cost to such State) such technical and actuarial assistance as may be necessary to assist such State to contract with any health maintenance organization which meets the requirements of section 1876 for the purpose of providing medical care and services to individuals who are entitled to medical assistance under this title.

*(l) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974 by a State as payment on a per capita or similar basis for the provision of medical assistance only if—*



(1) the entity to which such payment is made meets the definition of a health maintenance organization contained in section 1876(b), other than the provisions of clauses (2), (3), and (7),

(2) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such entity, or (B) under formal contractual arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

(3) provides either directly or through formal contractual arrangements with others all the services covered under the State plan, except to the extent that the State shall have secured from the Secretary a waiver with respect to any particular service, which waiver shall not be approved by the Secretary unless the State provides assurances satisfactory to the Secretary that an alternative arrangement will be provided for the provision of such service to individuals receiving medical assistance through such entity;

(4) of the enrolled members of such entity not less than (A) 50 per centum of such members (in case such entity is not an entity described in clause (B)) are individuals who are neither entitled to benefits under title XVIII nor eligible for medical assistance under the State plan approved under this title, or (B) in case such entity serves a geographic area in which individuals (referred to in clause (A)) constitute less than 50 per centum of the total population, a per centum equal to whichever of the following is the larger: (i) a per centum of such members equal to the per centum of such total population which consists of such individuals, or (ii) 25 per centum of such members; and

(5) such payment is made under a contract or other arrangement which has been approved in advance by the Secretary and which meets requirements imposed by regulations which the Secretary shall prescribe for the purpose of assuring that payments by a State on a per capita or similar basis for the provision of medical assistance are subject to substantially the same requirements as those imposed by subsections (a) and (i) of section 1876 with respect to title XVIII, except that, notwithstanding the provisions of section 1876(i)(2)(A), such regulations may authorize a risk sharing contract or arrangement with an otherwise qualified entity which has a current enrollment of at least 5,000 members on a prepaid capitation or similar basis.

#### Operation of State Plans

**Sec. 1904.** 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 1902; 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.)

#### Definitions

**Sec. 1905.** For purposes of this title—

(a) The term “medical assistance” means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance) for individuals, and, with respect to physicians’ or dentists’ services, at the option of the State, to *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* 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, who are

- (i) under the age of 21,
- (ii) relatives specified in section 406(b)(1) with whom a child is living if such child, except for section 406(a)(2), is (or would, if needy, be) a dependent child under part A of title IV,
- (iii) 65 years of age or older,
- (iv) blind, with respect to States eligible to participate in the State plan program established under title XVI,
- (v) 18 years of age or older and permanently and totally disabled, *or* with respect to States eligible to participate in the State plan program established under title XVI,
- (vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approval under title I, X, XIV, or XVI, or
- (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,

but whose income and resources are insufficient to meet all of such cost—

- (1) inpatient hospital services (other than services in an institution for tuberculosis or mental diseases);
- (2) outpatient hospital services;
- (3) other laboratory and X-ray services;
- (4) (A) skilled nursing facility services (other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older; (B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who

are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary; 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;

(5) physicians' services furnished by a physician (as defined in section 1861(r)(1)), whether furnished in the office, the patient's home, a hospital, or a skilled nursing facility, or elsewhere;

(6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;

(7) home health care services;

(8) private duty nursing services;

(9) clinic services;

(10) dental services;

(11) physical therapy and related services;

(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;

(13) other diagnostic, screening, preventive, and rehabilitative services;

(14) inpatient hospital services, skilled nursing facility services, and intermediate care facility services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases;

(15) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902

(a)(31)(A), to be in need of such care;

(16) effective January 1, 1973, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (c); *age 21, as defined in subsection (h)*;

(17) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary;

except as otherwise provided in paragraph (16), such term does not include—

(A) any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution); or

(B) any such payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases,

For purposes of clause (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under

title I, X, XIV, or XVI), and such person is determined, under such a State plan, to be essential to the well being of such individual.

(b) The term "Federal medical assistance percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum, and (2) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per centum. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 1110(a) [(8) except that the Secretary shall promulgate such percentage as soon as possible after the enactment of this title, which promulgation shall be conclusive for each of the six quarters in the period beginning January 1, 1966, and ending with the close of June 30, 1967.] (8).

(c) For purposes of this title the term "intermediate care facility" means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing [home] facility is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are established under regulation of the Secretary in addition to those applicable to nursing homes under State law. The term "intermediate care facility" also includes any skilled nursing [home] facility or hospital which meets the requirements of the preceding sentence. The term "intermediate care facility" also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State. The term "intermediate care facility" also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as meeting the requirements of clauses (2) and (3) of this subsection and providing the care and services required under clauses (1). With respect to services furnished to individuals under age 65, the term "intermediate care facility" shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

(d) The term "intermediate care facility services" may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if—

(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

(2) the mentally retarded individual with respect to whom a request for payment is made under a plan approved under this title is receiving active treatment under such a program; and

(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures in any calendar quarter prior to January 1, 1975, with respect to services furnished to patients in such institution (or distinct part thereof) in the State will not, because of payments made under this title, be reduced below the average amount expended for such services in such institution in the four quarters immediately preceding the quarter in which the State in which such institution is located elected to make such services available under its plan approved under this title.

(e) In the case of any State the State plan of which (as approved under this title)—

(1) does not provide for the payment of services (other than services covered under section 1902(a)(12)) provided by an optometrist; but

(2) at a prior period did provide for the payment of services referred to in paragraph (1);

the term "physicians' services" (as used in subsection (a)(5)) shall include services of the type which an optometrist is legally authorized to perform where the State plan specifically provides that the term "physicians' services", as employed in such plan, includes services of the type which an optometrist is legally authorized to perform, and shall be reimbursed whether furnished by a physician or an optometrist.

(f) For purposes of this title, the term "skilled nursing facility services" means services which are or were required to be given an individual who needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis.

(g) If the State plan includes provision of chiropractors' services, such services include only—

(1) services provided by a chiropractor (A) who is licensed as such by the State and (B) who meets uniform minimum standards promulgated by the Secretary under section 1861(r)(5); and

(2) services which consist of treatment by means of manual manipulation of the spine which the chiropractor is legally authorized to perform by the State.

(h) (1) For purposes of paragraph (16) of subsection (a), the term "inpatient psychiatric hospital services for individuals under age 21" includes only—

(A) inpatient services which are provided in an institution which is accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals;

(B) inpatient services which, in the case of any individual, (i) involves active treatment [(i)] which meets such standards as may be prescribed [pursuant to title XVIII] in regulations by the Secretary, and (ii) [which] a team, consisting of physicians and other personnel qualified to make determinations with respect to mental health conditions and the treatment thereof, has determined are necessary on an inpatient basis and can reasonably be expected to improve the condition, by reason of which such serv-

ices are necessary, to the extent that eventually such services will no longer be necessary; and

(C) inpatient services which, in the case of any individual, are provided prior to (A) the date such individual attains age 21, or (B) in the case of an individual who was receiving such services in the period immediately preceding the date on which he attained age 21, (i) the date such individual no longer requires such services, or (ii) if earlier, the date such individual attains age 22;

(2) Such term does not include services provided during any calendar quarter under the State plan of any State if the total amount of the funds expended, during such quarter, by the State (and the political subdivisions thereof) from non-Federal funds for inpatient services included under paragraph [(e)] (1), and for active psychiatric care and treatment provided on an outpatient basis for eligible mentally ill children, is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1971, by the State and the political subdivisions thereof) from non-Federal funds for such services.

[(h)] (i) For purposes of this title, the term "skilled nursing facility" also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as being a qualified skilled nursing facility by meeting the requirements of section 1861(i) [(j)] or

(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.*

Sec. 1906. [Repealed.]

#### Observance of Religious Beliefs

Sec. 1907. Nothing in this title shall be construed to require any State which has a plan approved 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 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.

#### State Programs for Licensing of Administrators of Nursing Homes

Sec. 1908. (a) For purposes of section 1902(a)(29), a "State program for licensing of administrators of nursing homes" is a program

which provides that no nursing home within the State may operate except under the supervision of an administrator licensed in the manner provided in this section.

(b) Licensing of nursing home administrators shall be carried out by the agency of the State responsible for licensing under the healing arts licensing act of the State, or, in the absence of such act or such an agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients and established to carry out the purposes of this section.

(c) It shall be the function and duty of such agency or board to—

(1) develop, impose, and enforce standards which must be met by individuals in order to receive a license as a nursing home administrator, which standards shall be designed to insure that nursing home administrators will be individuals who are of good character and are otherwise suitable, and who, by training or experience in the field of institutional administration, are qualified to serve as nursing home administrators;

(2) develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

(3) issue licenses to individuals determined, after the application of such techniques, to meet such standards, and revoke or suspend licenses previously issued by the board in any case where the individual holding any such license is determined substantially to have failed to conform to the requirements of such standards;

(4) establish and carry out procedures designed to insure that individuals licensed as nursing home administrators will, during any period that they serve as such, comply with the requirements of such standards;

(5) receive, investigate, and take appropriate action with respect to, any charge or complaint filed with the board to the effect that any individual licensed as a nursing home administrator has failed to comply with the requirements of such standards; and

(6) conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of the standards imposed for the licensing of such administrators and of procedures and methods for the enforcement of such standards with respect to administrators of nursing homes who have been licensed as such.

(d) No State shall be considered to have failed to comply with the provisions of section 1902(a)(29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the three calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a)(29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such agency or board pursuant to subsection (c). ¶ No State shall be considered to have failed to comply with the provisions of section 1902(a)(29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a)(29) are first met

by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such board pursuant to subsection (c) (1) other than such standards as relate to good character or suitability if—

¶(1) such waiver is for a period which ends after being in effect for two years or on June 30, 1972, whichever is earlier, and

¶(2) there is provided in the State (during all of the period for which waiver is in effect), a program of training and instruction designed to enable all individuals, with respect to whom any such waiver is granted, to attain the qualifications necessary in order to meet such standards.

¶(e) (1) There are hereby authorized to be appropriated for fiscal year 1968 and the four succeeding fiscal years such sums as may be necessary to enable the Secretary to make grants to States for the purpose of assisting them in instituting and conducting programs of training and instruction of the type referred to in subsection (d) (2).

¶(2) No grant with respect to any such program shall exceed 75 per centum of the reasonable and necessary cost, as determined by the Secretary, of instituting and conducting such program.

¶(f) For the purpose of advising the Secretary and the States in carrying out the provisions of this section, there is hereby created a National Advisory Council on Nursing Home Administration which shall consist of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include, but not be limited to, representatives of State health officers, State welfare directors, nursing home administrators, and university programs in public health or medical care administration.

¶(2) In addition to the function stated in paragraph (1) of this subsection, it shall be the function and duty of the Council (A) to study and identify the core of knowledge that should constitute minimally the training in the field of institutional administration which should qualify an individual to serve as a nursing home administrator; (B) to study and identify the experience in the field of institutional administration that a nursing home administrator should be required to possess; (C) to study and develop model techniques for determining whether an individual possesses such qualifications; (D) to study and develop model criteria for granting waivers under the provisions of subsection (d); (E) to study and develop suggested programs of training referred to in subsection (d); (F) to study, develop, and recommend programs of training and instruction for those desiring to pursue a career in nursing home administration; (G) to complete the functions in (A) through (E) above by July 1, 1969, and submit a written report to the Secretary which report shall be submitted to the States to assist them in carrying out the provisions of this section.

¶(3) Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be



allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

[(4) The Secretary may at the request of the Council engage such technical assistance as may be required to carry out its functions; and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

(5) The council shall be appointed by the Secretary prior to July 1, 1968, and shall cease to exist as of December 31, 1971.]

[(g)] (e) As used in this section, the term—

(1) "nursing home" means any institution or facility defined as such for licensing purposes under State law, or, if State law does not employ the term nursing home, the equivalent term or terms as determined by the Secretary, but does not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts; and

(2) "nursing home administrator" means any individual who is charged with the general administration of a nursing home whether or not such individual has an ownership interest in such home and whether or not his functions and duties are shared with one or more other individuals.

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INTERNAL REVENUE CODE

\* \* \* \* \*

SUBTITLE A—INCOME TAXES

\* \* \* \* \*

CHAPTER 1—NORMAL TAXES AND SURTAXES

\* \* \* \* \*

Subpart A—Credits Allowable

Sec. 31. Tax withheld on wages.

Sec. 32. Tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds.

\* \* \* \* \*

Sec. 42. Tax credit for low income workers with families.

Sec. [42] 43. Overpayment of tax.

\* \* \* \* \*

**SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.**

**(a) IN GENERAL.—**

(1) **ALLOWANCE OF CREDIT.**—*There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.*

(2) **THE APPLICABLE PERCENTAGE.**—*The percentage under paragraph*

**(1) applicable to the social security taxes is—**

*(A) 86 percent for calendar years 1974 through 1977,*

*(B) 83 percent for calendar years 1978 through 1980,*

*(C) 80 percent for calendar years 1981 through 1985,*

*(D) 78 percent for calendar years 1986 through 2010, and*

*(E) 68 percent for calendar years beginning after December 31, 2010.*

**(b) LIMITATIONS.—**

(1) **MAXIMUM CREDIT.**—*The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed \$4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b) without regard to the exclusion set forth in paragraph (9) of that section).*

(2) **REDUCTION FOR ADDITIONAL INCOME.**—*The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds \$4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—*

*(A) any amount described in section 71(b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a prin-*

cipal sum paid in installments), or 74(b) (relating to certain prizes and awards),

(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any payment for the purchase of prosthetic devices or medical services, and

(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

(3) APPLICATION WITH SECTION 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

(c) DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE INDIVIDUAL.—The term "eligible individual" means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

(2) SOCIAL SECURITY TAXES.—The terms "social security taxes" means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term "employment" (as defined in section

3121(b)) did not contain the exclusion set forth in paragraph (9) of such section.

## SEC. [42] 43. OVERPAYMENT OF TAX

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PART VI. ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS  
SEC. 161 \* \* \*

\* \* \* \* \*

## SEC. 164. TAXES.

(a) **GENERAL RULE.**—Except as otherwise provided in this section, the following taxes shall be allowed as a deduction for the taxable year within which paid or accrued:

- (1) State and local, and foreign, real property taxes.
- (2) State and local personal property taxes.
- (3) State and local, and foreign, income, war profits, and excess profits taxes.
- (4) State and local general sales taxes.

[(5) State and local taxes on the sale of gasoline, diesel fuel, and other motor fuels.]

In addition, there shall be allowed as a deduction State and local, and foreign, taxes not described in the preceding sentence which are paid or accrued within the taxable year in carrying on a trade or business or an activity described in section 212 (relating to expenses for production of income).

(b) **DEFINITIONS AND SPECIAL RULES.**—For purposes of this section—

(1) **PERSONAL PROPERTY TAXES.**—The term “personal property tax” means an ad valorem tax which is imposed on an annual basis in respect of personal property.

(2) **GENERAL SALES TAXES.**—

(A) **IN GENERAL.**—The term “general sales tax” means a tax imposed at one rate in respect of the sale at retail of a broad range of classes of items.

(B) **SPECIAL RULES FOR FOOD, ETC.**—In the case of items of food, clothing, medical supplies, and motor vehicles—

(i) the fact that the tax does not apply in respect of some or all of such items shall not be taken into account in determining whether the tax applies in respect of a broad range of classes of items, and

(ii) the fact that the rate of tax applicable in respect of some or all of such items is lower than the general rate of tax shall not be taken into account in determining whether the tax is imposed at one rate.

(C) **ITEMS TAXED AT DIFFERENT RATES.** Except in the case of a lower rate of tax applicable in respect of an item described in subparagraph (B), no deduction shall be allowed under this section for any general sales tax imposed in respect of an item at a rate other than the general rate of tax.

(D) **COMPENSATING USE TAXES.**—A compensating use tax in respect of an item shall be treated as a general sales tax. For pur-

poses of the preceding sentence, the term "compensating use tax" means, in respect of any item, a tax which—

(i) is imposed on the use, storage, or consumption of such item, and

(ii) is complementary to a general sales tax, but only if a deduction is allowable under subsection (a) (4) in respect of items sold at retail in the taxing jurisdiction which are similar to such item.

(E) SPECIAL RULE FOR MOTOR VEHICLES.—In the case of motor vehicles, if the rate of tax exceeds the general rate, such excess shall be disregarded and the general rate shall be treated as the rate of tax.

(3) STATE OR LOCAL TAXES.—A State or local tax includes only a tax imposed by a State, a possession of the United States, or a political subdivision of any of the foregoing, or by the District of Columbia.

(4) FOREIGN TAXES.—A foreign tax includes only a tax imposed by the authority of a foreign country.

(5) SEPARATELY STATED GENERAL SALES TAXES AND GASOLINE TAXES.—If the amount of any general sales tax [or of any tax on the sale of gasoline, diesel fuel, or other motor fuel] is separately stated, then, to the extent that the amount so stated is paid by the consumer (otherwise than in connection with the consumer's trade or business) to his seller, such amount shall be treated as a tax imposed on, and paid by, such consumer.

\* \* \* \* \*

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 0.69 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.*

(c) *During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such self-employment income is subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.*

#### **SEC. 1402. DEFINITIONS.**

(a) **NET EARNINGS FROM SELF-EMPLOYMENT.**—The term “net earnings from self-employment” means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702(a)(9) from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production or the management of the pro-

duction of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;

\* \* \* \* \*

(11) in the case of an individual who has been a resident of the United States during the entire taxable year, the exclusion from gross income provided by section 911(a)(2) shall not apply.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based on the ordinary income or loss of the partnership for any taxable year of the partnership ending within or with his taxable year. In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121(g)—

(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than \$2,400, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be 66 $\frac{2}{3}$  percent of such gross income; or

(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than \$2,400 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than \$1,600, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be \$1,600; and

(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) applies) is not more than \$2,400, his distributive share of income described in section 702(a)(9) derived from such trade or business may, at his option, be deemed to be an amount equal to 66 $\frac{2}{3}$  percent of his distributive share of such gross income (after such gross income has been so reduced); or

(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) applies) is more than \$2,400 and his distributive share (whether or not distributed) of income described in section 702(a)(9) derived from such trade or business (computed under this subsection without regard to this sentence) is less than \$1,600, his distributive share of income described in section 702(a)(9) derived from such trade or business may, at his option, be deemed to be \$1,600.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements methods, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and

sold in carrying on such trade or business, adjusted (after such reduction, in accordance with the provisions of paragraphs (1) through (7) and paragraph (9) of this subsection; and

(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) and paragraph (9) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (i), or by a partnership of which an individual is a member on a regular basis as defined in subsection (i), but only if such individual's net earnings from self-employment as determined without regard to this sentence in the taxable year are less than \$1,600 and less than 66 $\frac{2}{3}$  percent of the sum (in such taxable year) of such individual's gross income derived from all trades or businesses carried on by him and his distributive share of the income or loss from all trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or business to which this sentence applies shall such net earnings for such year exceed \$1,600.

*An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such arrangement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management.*

(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

\* \* \* \* \*

(c) *During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.*

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.*

(c) *During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.*

\* \* \* \* \*

#### 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.*

(c) *During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.*

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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]~~ \$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 re-

spect 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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**CHAPTER 61—INFORMATION AND RETURNS**

\* \* \* \* \*

**SUBCHAPTER A—RETURNS AND RECORDS**

\* \* \* \* \*

**PART II—TAX RETURNS OR STATEMENTS**

\* \* \* \* \*

**SUBPART A—GENERAL REQUIREMENT**

Sec. 6011. General requirement of return, statement or list.

**SEC. 6011. GENERAL REQUIREMENT OF RETURN, STATEMENT, OR LIST.**

(a) **GENERAL RULE.**—When required by regulations prescribed by the Secretary or his delegate any person made liable for any tax imposed by this title, or for the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary or his delegate. Every person required to make a return or statement shall include therein the information required by such forms or regulations.

\* \* \* \* \*

(d) **INTEREST EQUALIZATION TAX RETURNS, ETC.**

(4) **RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 24 CREDIT.**—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

\* \* \* \* \*

**CHAPTER 63—ASSESSMENT**

\* \* \* \* \*

## SUBCHAPTER A—IN GENERAL

\* \* \* \* \*

**SEC. 6201. ASSESSMENT AUTHORITY.**

(a) **AUTHORITY OF SECRETARY OR DELEGATE.**—The Secretary or his delegate is authorized and required to make the inquiries, determinations, and assessments of all taxes (including interest, additional amounts, additions to the tax, and assessable penalties) imposed by this title, or accruing under any former internal revenue law, which have not been duly paid by stamp at the time and in the manner provided by law. Such authority shall extend to and include the following:

(4) **ERRONEOUS CREDIT UNDER SECTION 39 OR 42.**—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of the credit allowable by section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil) or section 42 (relating to tax credit for low income workers with families), the amount so overstated which is allowed against the tax shown on the return or which is allowed as a credit or refund may be assessed by the Secretary or his delegate in the same manner as in the case of a mathematical error appearing upon the return.

\* \* \* \* \*

## SUBTITLE F—PROCEDURE AND ADMINISTRATION

\* \* \* \* \*

## CHAPTER 64—COLLECTION

\* \* \* \* \*

## SUBCHAPTER A.—GENERAL PROVISIONS

Sec.  
 6301. Collection authority.  
 6302. Mode or time of collection.  
 6303. Notice and demand for tax.  
 6304. Collection under the Tariff Act.  
 6305. Collection of certain liability.

\* \* \* \* \*

**SEC. 6305. COLLECTION OF CERTAIN LIABILITY.**

(a) **IN GENERAL.**—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

- (1) no interest or penalties shall be assessed or collected.
- (2) for such purposes paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply, and
- (3) there shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children.

(b) **REVIEW OF ASSESSMENTS AND COLLECTIONS.**—No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.

\* \* \* \* \*

**CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS**

\* \* \* \* \*

**SUBCHAPTER A—PROCEDURE IN GENERAL**

\* \* \* \* \*

**SEC. 6401. AMOUNTS TREATED AS OVERPAYMENTS.**

(a) **ASSESSMENT AND COLLECTION AFTER LIMITATION PERIOD.**—The term “overpayment” includes that part of the amount of the payment of any internal revenue tax which is assessed or collected after the expiration of the period of limitation properly applicable thereto.

(b) **EXCESS CREDITS.**—If the amount allowable as credits under sections 31 (relating to tax withheld on wages), 39 (relating to certain uses of gasoline, special fuels, and lubricating oil), 42 (relating to tax credit for low income workers with families), and 667(b) (relating to taxes paid by certain trusts) exceeds the tax imposed by subtitle A (reduced by the credits allowable under subpart A of part IV of subchapter A of chapter 1, other than the credits allowable under sections 31, [and 39] 39, and 42), the amount of such excess shall be considered an overpayment.

\* \* \* \* \*

**SUBCHAPTER B—RULES OF SPECIAL APPLICATION**

- Sec. 6411. Tentative carryback adjustments.
- Sec. 6412. Floor stocks refunds.
- Sec. 6413. Special rules applicable to certain employment taxes.
- Sec. 6414. Income tax withheld.



- Sec. 6415. Credits or refunds to persons who collected certain taxes.
- Sec. 6416. Certain taxes on sales and services.
- Sec. 6417. Coconut and palm oil.
- Sec. 6418. Sugar.
- Sec. 6419. Excise tax on wagering.
- Sec. 6420. Gasoline used in farms.
- Sec. 6421. Gasoline used for certain nonhighway purposes or by local transit systems.
- Sec. 6422. Cross references.
- Sec. 6423. Conditions to allowance in the case of alcohol and tobacco taxes.
- Sec. 6424. Lubricating oil not used in highway motor vehicles.
- Sec. 6425. Adjustment of overpayment of estimated income tax by corporation.
- Sec. 6426. Refund of aircraft use tax where plane transports for hire in foreign air commerce.
- Sec. 6427. Fuels not used for taxable purposes.
- Sec. 6428. Advance refund of section 42 credit.*

\* \* \* \* \*

#### 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 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, 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.

\* \* \* \* \*

**"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.**

(a) *IN GENERAL.*—A taxpayer may receive an advance refund of the credit allowable to him under section 42 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

(b) *LIMITATIONS.*—

"(1) *AMOUNT OF REFUND.*—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 42 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

(2) *INELIGIBLE FOR CREDIT.*—No advance fund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.

(3) *MINIMUM PAYMENT.*—No payment may be made under this section in an amount less than \$30.

"(c) *COLLECTION OF EXCESS PAYMENTS.*—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess.

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 ( $66\frac{2}{3}$  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).

\* \* \* \* \*

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.”

“(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out \$58.00 wherever it appears and inserting in lieu thereof “the larger of \$58.00 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 \$29.00 or the amount most recently established in lieu thereof under section 215(i)”.

\* \* \* \* \*

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".

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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 7 per centum ~~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 *with respect to which this section is effective* ~~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~~ *in months with respect to which this section is effective*.

(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)] 7 per centum.

(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] December 1973, which section (as so in effect) shall, for purposes of the increase in social security benefits provided by this section, be deemed to be in effect for and after the first month with respect to which such increase is effective) 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) For purposes of subsection (a) (2), this section is effective with respect to the month in which this subsection is enacted and for each month thereafter which begins prior to June 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 months 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).

\* \* \* \* \*

#### MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

##### SEC. 212. (a) (1) \* \* \*

(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)]~~ *subparagraphs (D) and (E)*) 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.

\* \* \* \* \*

*"(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 unit referred to in clause (i), 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."*

\* \* \* \* \*

#### 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) *received or 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, ~~for~~ and

(B) ~~was~~ on the basis of his *status as described in subparagraph (A), was included as an individual eligible* ~~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 ~~for~~ (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 *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* [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. *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).*

\* \* \* \* \*

### FOOD STAMP ACT OF 1964

\* \* \* \* \*

#### Sec. 3. As used in the Act—

\* \* \* \* \*

(e) The term “household” shall mean a group of related individuals (including legally adopted children and legally assigned foster children) or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term “household” shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act. [No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture.] *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 the 18-month period beginning January 1, 1974, if, for such month, such indi-*

*vidual 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.*

\* \* \* \* \*

**AGRICULTURE AND CONSUMER PROTECTION ACT  
OF 1973**

\* \* \* \* \*

**Food Stamps**

**Sec. 3.** The Food Stamp Act of 1964, as amended, is amended as follows:

(a) The second sentence of section 3(e) of the Food Stamp Act of 1964 (7 U.S.C. 2012(e)) is amended—

(1) by striking out “or”; and

(2) by inserting before the period at the end thereof the following: “, or (3) any narcotics addict or alcoholic who lives under the supervision of a private nonprofit organization or institution for the purpose of regular participation in a drug or alcoholic treatment and rehabilitation program.”

[(b) Section 3(e) of the Food Stamp Act of 1964 is amended by striking out the last sentence therein and inserting in lieu thereof the following sentence: “No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture.”]

\* \* \* \* \*

**Sec. 4.** \* \* \*

\* \* \* \* \*

[(c) No individual who receives supplemental security income benefits under title XVI of the Social Security Act 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 other law for any month if

such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture.】

\* \* \* \* \*

SOCIAL SECURITY AMENDMENTS OF 1967

\* \* \* \* \*

Sec. 204. (a) \* \* \*

\* \* \* \* \*

(c) (1) The amendment made by subsection (b) shall in the case of any State be effective on July 1, 1968, or if a statute of such State prevents it from complying with the requirements of such amendment on such date, such amendment shall with respect to such State be effective on July 1, 1969; except such amendment shall be effective earlier (in the case of any State), but not before April 1, 1968, if a modification of the State plan to comply with such amendment is approved on an earlier date.

【(2) The provisions of section 409 of the Social Security Act shall not apply to any State with respect to any quarter beginning after June 30, 1968.】

\* \* \* \* \*

SOCIAL SECURITY AMENDMENTS OF 1972

\* \* \* \* \*

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 303. (a) Effective January 1, 1974, titles I, X, and XIV of the Social Security Act are repealed.

(b) The amendments made by sections 301 and 302 and the repeals made by subsection (a) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

(c) Section 9 of the Act of April 19, 1950【 is repealed effective January 1, 1974.】 (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.*

\* \* \* \* \*

**Limitation on Fiscal Liability of States for Optional State  
Supplementation**

**Sec. 401.** (a) (1) The amount payable to the Secretary by a State for any fiscal year, *other than fiscal year 1974*, pursuant to its agreement or agreements under section 1616 of the Social Security Act shall not exceed the non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of the State approved under titles I, X, XIV, and XVI of the Social Security Act (as defined in subsection (c) of this section), *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.*

(2) Paragraph (1) of this subsection shall only apply with respect to that portion of the supplementary payments made by the Secretary on behalf of the State under such agreements in any fiscal year which does not exceed in the case of any individual the difference between—

(A) the adjusted payment level under the appropriate approved plan of such State as in effect for January 1972 (as defined in subsection (b) of this section), and

(B) the benefits under title XVI of the Social Security Act, plus income not excluded under section 1612(b) of such Act in determining such benefits, paid to such individual in such fiscal year,

and shall not apply with respect to supplementary payments to any individual who (i) is not required by section 1616 of such Act to be included in any such agreement administered by the Secretary and (ii) would have been ineligible (for reasons other than income) for payments under the appropriation approved State plan as in effect for January 1972.

(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)]

(2) For purposes of paragraph (1), the term "payment level modification" with respect to any State plan means that amount by which a State which for January 1972 made money payments under such plan to individuals with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid or assistance for quarters in calendar year 1972 under the plans of such State approved under titles I, X, XIV, and XVI of the Social Security Act.

[(3) For purposes of paragraph (1), the term "bonus value of food stamps in a State for January 1972" (with respect to an individual) means—

[(A) the face value of the coupon allotment which would have been provided to such an individual under the Food Stamp Act of 1964 for January 1972, reduced by

[(B) the charge which such an individual would have paid for such coupon allotment.

if the income of such individual, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph)). The total face value of food stamps and the cost thereof in January 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month.]

(c) For purposes of this section, the term "non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of a State approved under titles I, X, XIV, and XVI of the Social Security Act" means the difference between—

(1) the total expenditures in such quarters under such plans for aid or assistance (*excluding* expenditures authorized under section 1119 of such Act for repairing the home of an individual who was receiving aid or assistance under one of such plans (as such section was in effect prior to the enactment of this Act)), and

(2) the total of the amounts determined under sections 3, 1003, 1403, and 1603 of the Social Security Act, under section 1118 of such Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such quarters.

#### Transitional Administrative Provisions

**Sec. 402.** In order for a State to be eligible for any payments pursuant to title IV, V, [XVI] VI or XIX of the Social Security Act with respect to expenditures for *the third and fourth quarters in the fiscal year ending June 30, 1974, and any quarter in the fiscal year ending June 30, 1975, and for the purpose of providing an orderly transition from State to Federal administration of the Supplemental Security Income Program, such State shall enter into an agreement with the Secretary of Health, Education, and Welfare under which the State agencies responsible for administering or for supervising*

the administration of the plans approved under titles I, X, XIV, and XVI of the Social Security Act will, on behalf of the Secretary, administer all or such part or parts of the program established by section 301 of this Act, during such portion of *the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of the fiscal year ending June 30, 1975, as may be provided in such agreement.*

\* \* \* \* \*

TITLE 5, UNITED STATES CODE

\* \* \* \* \*

CHAPTER 53—PAY RATES AND SYSTEMS

\* \* \* \* \*

SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

\* \* \* \* \*

§ 5315 POSITIONS AT LEVEL IV

\* \* \* \* \*

*(98) Assistant Secretary for Child Support, Department of Health, Education, and Welfare.*

\* \* \* \* \*

ACT OF APRIL 19, 1950

(64 STAT. 47)

\* \* \* \* \*

**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[s] 3(a), 403(a), and 1003(a) of the Social Security Act) an amount, in addition to the amounts prescribed to be paid to such State under such section[s], equal to 80 per centum of the total amounts of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan[s] approved under the Social Security Act for [old-age assistance,] aid to dependent children[, and aid to the needy blind,] 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[s] 3(a), 403(a) [and 1003(a), respectively,] 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.

\* \* \* \* \*



## XVI. ADDITIONAL VIEWS OF MR. CURTIS

## Welfare Reform

It becomes increasingly apparent with every passing day that the existing system of welfare cannot be reformed at the Federal level. Every proposal to do so carries within it the seeds of defeat: new frustrations and added costs, growing welfare rolls and greater politicization of the problem.

In our efforts at welfare reform, we are caught, as it were, between two poles. On the one hand, we seek greater equity in the distribution of welfare; on the other, we seek a plan which ideally will at least reduce costs, end abuses and simplify the system. Both goals are laudable. But, just as with our income tax system, housing assistance, and many other Federal programs, equity and efficiency are not entirely compatible goals. We can move away from the poles toward compromise, but the greater the effort to achieve equity, the more complex the program will become, the more open it will be to abuse and thus, over time, the more likely to remain inequitable and to increase in scope and cost and inefficiency. Conversely, if the program is structured too simply, it is in danger of not meeting minimum demands for equity.

What is clear, however, not only in theory but as evidenced in recent practice, is that the closer the decision-making is kept to the local level—to the people themselves—the more equitable *and* efficient the program will be. Meaningful welfare reform will not be accomplished at the Federal level—not by a total package such as the Administration offered with the Family Assistance Plan, called FAP, which is really a guaranteed annual income plan, and certainly not by patchwork, piecemeal efforts such as that now proposed by the Finance Committee.

The Committee has agreed to a plan which provides for a cash payment to families based upon the amount of the family's earnings. This payment by the Federal Government would be 10% of the earnings for a family earning \$4,000 a year or less. In other words, if a family earned \$4,000 the Federal Government would supplement their income by \$400. If their earnings were \$3,000 their supplement would be \$300. The percentage would be a lesser amount for those earning over \$4,000 at a gradually declining rate, phasing out completely at \$5,600. The Committee plan is not limited to individuals now on welfare as a means of assisting them in moving from welfare to gainful employment. This cash payment would be made for all low-wage earners who apply for it.

There is complete agreement with the basic premise of the Chairman in his opposition to FAP on the grounds that it was committed to the proposition that the less one worked and the less he earned, the more he got from the Federal Treasury. There is great merit in the idea which Chairman Long has consistently and effectively advanced that inherent in the welfare program should be the concept of rewarding work, rather than discouraging work. On that point, there is total agreement.

The "work bonus" or a "workfare" plan should be employed as a means of getting people off welfare and into a self-supporting status.

In other words, it should operate as an incentive to move ahead, not as an incentive to "march in place" so that one does not lose his share of the "free money."

The basic work bonus idea should be adapted to and restricted to able-bodied individuals *now on welfare*, and the benefits extended to them for a limited period only, in order to assist and encourage them in the transition from welfare to a fully-supportive working situation. Instead, applying as it does to the working poor not now on welfare, the plan, as reported by the Committee, would mean that about five million heads of families not now receiving a Government check would begin receiving one, at a minimum cost of \$1 billion per year. This does nothing to reform the present welfare system or to reduce its cost or scope. It is simply another Federal program piled atop the existing pyramid of laws providing assistance to various individuals.

What the work bonus actually amounts to is a rebate of Social Security taxes. Thus, the Social Security system is being adapted as a vehicle both for distribution of welfare and redistribution of the national wealth. It constitutes a clear move in the direction of phasing out Social Security taxes for low-salaried workers, shifting that burden entirely to employers or higher-salaried workers. It would depart from the principle that each person paid a substantial part of the cost of his Social Security benefit.

The Social Security program is tailored to a clear and specific purpose—meeting the income needs of our citizens at an age when they may no longer be able to earn an income. Clearly it is not a welfare program so long as all those who benefit also significantly contribute. To adapt it as a vehicle for welfare places upon it strains which may ultimately destroy it.

The Administration's plan for FAP went to extremes in an effort to achieve equity—and in so doing created gross new inequities and doubled the costs.

The worst problem with the plan reported by the Committee, however, is that, like FAP, it offers enormous temptation to office holders and office seekers to enlarge the benefits and make more millions eligible for those benefits. Indeed, it does not merely offer a temptation, it creates a positive pressure to do so.

In theory, rewarding work is definitely to be commended. Such a plan as reported by the Committee should be limited to those on welfare for a limited period as a means of aiding their transition from welfare to work.

The Federal government has proven its incapacity to administer welfare or clean up the welfare mess. By contrast, some of the States have demonstrated a convincing ability to do both. Therefore, we should not let welfare reform remain unfinished business. Instead, we should act promptly to return to the States the authority and responsibility for devising and administering their own welfare programs, providing them with the Federal dollars to do that part of the job which the Federal government has been carrying. Such Federal financial assistance should be provided through the mechanism of special revenue sharing, with a minimum of Federal bureaucratic control over its specific allocation. The States should be permitted to write their own regulations and completely manage their own welfare programs.

In this way, we can expect to achieve the maximum possible levels of both equity and efficiency. Some will argue that different eligibility requirements and different benefit levels in different States are not equitable, but standardization, consistency or conformity has very little to do with equity. Equity is a matter of justice. Justice, in the area of welfare assistance, means meeting real human and economic needs in the best way possible.

Human and economic needs across the length and breadth of this great land cannot be equated in terms of a single dollar value. The needs of a rural family in Nebraska can be met in a very different way—and at a very different dollar cost—from similar needs of a ghetto family in New York City. As applied to welfare, let no one tell you that equality—when it refers to eligibility requirements and benefit levels—is synonymous with equity.

Others may argue that history has shown the individual States either cannot or will not do the job adequately if left to their own devices. That is arguing from old history. Relevant recent history demonstrates that individual States not only can do the job but will do it—are doing it. Necessity continues to be the mother of invention. When the States found the Federal government was not going to resolve this problem, those for whom it had reached crises proportions instituted their own reforms and are succeeding in bringing welfare under control. Others will follow suit, if encouraged to do so. The public mood and the constant threat of media exposure in the age in which we now live will never permit any State to lag far behind its sisters in providing adequately for the welfare needs of its citizens. The main obstacle to a State's efforts to reform welfare has been the Federal regulations and dominance. Again it is stressed that the States should be allowed to write their own regulations and run their own welfare programs.

In the 92nd Congress, S. 2037 was introduced to restore to the States the authority and responsibility for welfare assistance. In the bill reported out by the Finance Committee last year as an alternative to FAP, the essential elements of that plan were adopted for application to those welfare families who had no able-bodied person among their number. A workfare plan, far superior to the present workfare proposal, was agreed upon as the vehicle for aiding those welfare families containing an able-bodied member (covering about 40 percent of the total welfare caseload). Many Committee members had reservations about it and would have preferred to see the States given control over the entire program.

The efforts for welfare reform should not be abandoned. The workfare proposal should be used as a vehicle for assisting those on welfare in their transition to gainful employment and that assistance should be for a limited period only.

The Administration's plan for special revenue sharing should be the plan for the Federal government to pay its just share of the welfare load and the operation and management of welfare should be left to the States. Each State should decide who is eligible for welfare, the amount of welfare, how it is to be paid and what the work requirements should be.

CARL T. CURTIS.

## XVII. ADDITIONAL VIEWS OF MR. FANNIN AND MR. HANSEN

### The Social Services Amendments of 1973: Reaction Without Reform

*(NOTE: On October 30th the Committee reconsidered its previous action on S. 2528, the Social Services Amendments of 1973. Earlier the Committee had adopted the provisions of S. 2528 as an amendment to H.R. 3153. In its reconsideration, however, the Committee deleted the provisions of S. 2528 and replaced it with a revenue sharing approach.*

*On the assumption that the Committee's initial decision was final, I prepared a statement, which Senator Hansen supported, outlining my views on social services in general and S. 2528 in particular. The Committee's decision, however, places this statement in a different context, but I believe it is nevertheless a valuable statement as it casts considerable light on the issue of Congressional intent as it relates to social services. In this respect I am filing this statement for the purpose of providing further background on the development and implementation of this vital program.*

*Paul J. Fannin.)*

#### Introduction

On October 3, 1973, S. 2528, the Social Services Amendments of 1973, was introduced and referred to the Committee. Two days later, without the benefit of hearings, or reasonable consideration by members of the Committee, or comment by the Administration, the Committee approved the provisions of S. 2528 as an amendment to H.R. 3153. It may appear by the Committee's quick action on S. 2528 that the controversy surrounding the social services program has been settled insofar as Congress is concerned. By approving the provisions of S. 2528, however, the Committee has reopened the debate over social services; a debate which I believe is far from over. In my opinion, the Committee amendment needs to be debated since it raises some very profound issues as to the operation and objectives of this program. But in a larger sense, the Social Services Amendments of 1973 prompts a discussion of the role of the Federal Government in reducing welfare dependency through social services. Welfare dependency is the heart of the issue and before we rush to embrace the Social Services Amendments of 1973 I think it essential, if not imperative, that the Congress ponder whether the Committee amendment is the policy which will effectively contribute to the effort to reduce dependency.

It is in this context of policy making that the Social Services Amendments of 1973 must be judged and evaluated. To evaluate social services it is important to review the history and background of the program, the intent and expectations of Congress in establishing social services, and, of course, the results.

I am convinced that this review will demonstrate that social services were designed to serve those on welfare, but that developments during the past two years have broadened the use of "social services" far beyond anything intended by Congress.

#### Social Services: History and Intent

The welfare titles of the Social Security Act of 1935 provide for Federal matching of state expenditures under the programs of old

age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to families with dependent children. These programs were all designed to provide monetary assistance to eligible individuals and families whose incomes and resources fall below specified standards of need as determined by each State. Under the original Social Security Act of 1935, the concept of social services was not specifically recognized in the statute. As viewed initially, the problem of welfare was one of income maintenance: a view which did not conceive of supplementary services. In practice, however, services were provided to recipients by the staff of state welfare agencies and the costs involved were Federally matched as administrative expenses of the welfare program. In 1956, the Social Security Act was changed to specifically authorize social services as a legitimate part of the state welfare agency's costs.

In amending the existing law in 1956, the Congress officially recognized that the emphasis in public assistance had shifted from "relief" to "rehabilitation". This decision was not without significance since it represented the beginning of the service strategy in dealing with problems of welfare. This strategy presumed that cash assistance wasn't enough to enable people to achieve self-sufficiency and that specific services were necessary in combination with cash assistance to achieve the objective of self-support and self-care. According to a recent study, "the approach taken here was the only one considered and it was the approach of professional social workers who were convinced at that time that poverty in an affluent society was a function of individual maladjustment which could be corrected via the professional process known as casework." The commitment to a service strategy was unfilled, however, when the appropriations to operate the program were insufficient to meet the goals of rehabilitation.

In 1962, the Congress considered further amendments to the Social Security Act to implement the commitment to social services as initially established in the 1956 amendments.

In advocating the enactment of the Public Welfare Amendments of 1962, Secretary Ribicoff stressed the importance of rehabilitative social services in helping families to become self-supporting and independent. In terms of specifics, these proposed amendments increased the Federal matching from 50 to 75 percent for social services as defined by the Secretary of Health, Education and Welfare as likely to prevent or reduce dependency or as necessary to help recipients strengthen family life or attain capability for self-care or self-support. The matching for other services and for administrative costs was left at 50 percent. The amendments also broadened the scope of what could be considered as social services. Under the 1962 amendments, Federal funding was made available not only for social services to recipients but also for "preventive" services, i.e., services designed to keep past recipients from having to return to dependency on welfare and services to keep "potential" recipients from becoming dependent in the first place. The concept of "preventive" services, however, introduced a new approach to social services. This innovative proposal prompted an inquiry from the Senate Finance Committee, and in response to a number of questions, Secretary Ribicoff attempted to explain the scope and objective of "preventive" services:

“Question 1. What would constitute ‘preventive services’ to those who might otherwise come on welfare rolls?”

Answer. ‘Preventive services’ are those types of social services which can be provided to individuals who are not now dependent but who, if they do not receive such services are likely to become dependent in the foreseeable future. This provision is included in the bill in order to make it possible for State public welfare departments, if they wish to help persons who request help in dealing with their personal problems, but who are not recipients of assistance at this time.”

“Question 2. Who would be eligible for these ‘preventive services’?”

Answer. We contemplate that these services would be available only to those whose circumstances identify them as individuals who are likely to become recipients of assistance in the near future because of their circumstances or those who formerly received assistance. We do not see this as a broad program because we feel that the State public welfare departments should and will want to concentrate their services on those persons who already are recipients of assistance. States, however, have pointed out that if Federal funds were available to assist them in dealing with such problems at the prevention stage, some applications for assistance would be unnecessary and greater expenditure avoided. Services can be offered people who are applying for assistance, even if later found not eligible. ‘Preventive services,’ however, are offered to those who are knowingly not eligible for assistance but who request service.”

“Question 3. Would ‘preventive services’ be a new program or an expansion or extension of some existing program?”

Answer. The provision of ‘preventive services’ would be more accurately described as an extension of existing programs rather than the development of a new program. All public welfare departments to varying degrees provide services now to persons who are not applicants for or recipients of assistance. They receive no Federal participation, however, in the cost of these services. Very often these services are given because the State recognizes that a failure to do so will increase its expenditures when assistance application becomes necessary. The administration’s recommendation is to encourage the States to provide ‘preventive services’ with a view to ultimately reducing the number of persons who need aid. The services provided would be comparable to those available to persons who are already on the rolls and, thus, these services can be more accurately described as an extension of the existing programs.”

“Question 4. What need tests would have to be met for participation in ‘preventive services’ aspects of this proposal?”

Answer. It is not contemplated that ‘preventive services’ will be made available to applicants who could purchase the type of consultation and service which they need from available community resources, but who are not at present applicants or eligible for assistance. Nor is it contemplated that these services would be extended broadly to very many people other than those already on the assistance rolls. It is the objective of the provision to reach people who are likely to become recipients of assistance in some immediately foreseeable period in the future. It will be those people to which this provision is directed and thus it would not be practicable to set limits as to the income or re-

sources such individuals may have. States may choose to set limits, however."

A central factor in the large increase in Federal funds for social services in recent years has related to the provision of services to those not on welfare and therefore this discussion is significant not only in terms of establishing the original intent of "preventive" services, but the definition of the "potential" recipient.

It is my impression that the intent of "preventive services" was to assist those in danger of becoming dependent on public assistance. It was not contemplated, however, that preventive services would be a broad program since it was the opinion of Secretary Ribicoff that the service efforts of the states would be primarily designed to serve those on welfare. In addition, it was asserted that "preventive" services would not be made available to those who could purchase such services on their own.

In addition, the 1962 Act authorized Federal funding in cases in which the welfare agency entered into agreements with other State or local agencies under which those other agencies would provide the services to recipients (including past and potential recipients). The amendments specifically required such arrangements in the case of vocational rehabilitation services and subject to the limitations prescribed by the Secretary, "permitted them in other cases where the services could not be economically or efficiently provided by the welfare agency."

The 1962 amendments can be viewed as a comprehensive effort to expand services to welfare recipients, but the objective of reducing dependency remained as a priority. According to Secretary Ribicoff, "social services represent the key to our efforts to help people become self-sufficient so they no longer need assistance." Similarly, the House Ways and Means Committee stated that "the new approach embodied in the bill places emphasis on the provision of services to help families become self-supporting rather than dependent upon welfare checks." The Senate Finance Committee expressed a similar hope, but emphasized that it expected "the Secretary of HEW to carefully limit the prescribed services to those which will significantly contribute to the rehabilitative objective of this legislation and meet the serious problems known to exist in the assistance programs." In addition, the Finance Committee argued that it did not "anticipate that public welfare programs will be used to finance the cost of services normally the responsibility of another state agency." Finally, the Committee clearly indicated that services to former and potential recipients shall only be provided "upon the request of the individual or on his behalf."

The Public Welfare Amendments of 1962 became Public Law 87-543 with the approval of President Kennedy on July 25, 1962. In signing the bill, the President sounded an optimistic note by stating that:

This measure embodies a new approach—stressing services in addition to support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency. This important legislation will assist our States and local public welfare agencies to redirect the incentives and services they offer to needy families and children and to aged and disabled people. Our objective is to prevent or reduce

dependency and to encourage self-care and self-support—to maintain family life where it is adequate and to restore it where it is deficient.

In reviewing the history of the 1962 amendments I am convinced that both the Congress and the President hoped that services of a casework nature would greatly assist in the effort to rehabilitate those *who were currently on welfare*. In addition, Congress viewed the delivery of such services as the prime responsibility of a welfare agency except in those cases where the welfare agency determines that it cannot deliver certain services to achieve *the goals of rehabilitation*.

In 1962 the objectives of the service strategy had been enthusiastically endorsed, but by 1967, according to Steiner, “the old slogans; services instead of support, rehabilitation instead of relief were abandoned and work incentives became the new thing in the continuing search for relief from relief costs.” This disillusionment with the 1962 programs occurred when the numbers of welfare recipients increased particularly in the area of aid to families with dependent children (AFDC). In confronting the issue of increased numbers of welfare recipients, the Congress in the Social Security Amendments of 1967, placed greater emphasis on services which would, according to the House Ways and Means Committee, “restore more families to employment and self-reliance.”

Specifically, the 1967 legislation amended the social services provisions, applicable to the AFDC program, by making 75 percent matching available for all services meeting a broad definition in the law. Among the services that could be provided according to HEW were:

1. Services to assist all appropriate persons in a family to achieve employment and self-sufficiency.
2. Child care services for children of mothers in training or employment.
3. Foster care services.
4. Services to prevent and reduce births out of wedlock.
5. Family planning services.
6. Protective services for children found to be in danger of or subject to neglect, abuse, or exploitation.
7. Services to help families meet their health needs.

In addition, the law authorized the State welfare departments to contract with sources other than State and local government agencies to provide services which they could not deliver themselves. This broadened contracting authority, however, was to be available only “to the extent specified by the Secretary.”

Of primary significance to the future of the social services program was the stipulation in the law that the Secretary must define the eligibility of former and “potential” applicants. As a result, the Secretary issued regulations defining “potential” recipients as those “who are likely, within five years, to become recipients of financial assistance.”

And, in addition, services were defined 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.”



These very broad definitions issued to assist in promoting flexibility would ultimately be recognized as a prime reason for the abuses which later occurred.

The 1967 amendments also established the Work Incentive Program (WIN) for families in the AFDC category, and the social services changes were viewed in the context of the requirements imposed by the new WIN program. This point was emphasized by the Senate Finance Committee in its report on the 1967 amendments as follows:

The Committee is well aware that the services which the States will be required to furnish AFDC families will impose an additional financial burden on the States. Therefore, the provision of law relating to Federal financial participation would be amended by the Committee bill to provide 75 percent Federal financial participation in the cost of all the services provided under these new requirements upon the States. In addition, as is provided under present law, 75 percent Federal sharing would be available for services for applicants and families that are near dependency. Provision of such services can help families to remain self-supporting. As appropriate for this purpose, services may be made available to those who need them in low-income neighborhoods and among other groups that might otherwise include more AFDC cases.

The 1962 amendments relating to social services provide that, with certain exceptions, the basic services must be provided by the staff of the State or local welfare agency. The Committee bill proposes some changes in this provision to take into account the need for a variety of services in State implementation of the plan for each family. Thus, an exception is permitted, to the extent specified by the Secretary, to permit child welfare, family planning, and other family services to be provided from sources other than the staff of the State and local agency. This will permit the purchase of day-care services, which, as indicated above, the committee anticipates will be needed in great volume under the bill, and other specialized services not now available or feasible to be provided by the staff of the public welfare agency and which are available elsewhere in the community. Services may be provided by the staff of the State or local agency in some parts of the State and may be provided in other parts of the State by purchase. The Secretary, in his standards governing this aspect of the program may permit purchase from other agencies and institutions. The basic reason for the exception is the variety of existing arrangements around the country in which some kinds of services are now provided, usually institutional services by other than the State or local public welfare agency.

In essence the 1967 Social Security Amendments emphasized services which would increase the employment of welfare recipients and thus reduce the dependency of those recipients on welfare assistance programs. But it was not to be. In a recent study, it was noted that

by 1972, "the number of AFDC recipients had risen fivefold since the mid-1950's, doubling just since 1967; the average *annual* rate of increase in AFDC recipients jumped from 7.3 percent during 1953-66 to 18.3 percent during 1967-71." Clearly, the hope that accompanied social services as a prime tool in reducing the dependency of AFDC recipients had, in reality, been nothing but an illusion.

The reality of continuing increases in the welfare rolls and the questionable capacity of social service programs to effectively combat welfare dependency became somewhat obscured, however, following the 1967 legislative endeavors as Federal expenditures for social services emerged as the significant issue.

Because Federal matching for social services is mandatory and open-ended, social service spending increased substantially as more and more states began to take advantage of the program by defining a "social service" as almost anything.

This situation occurred because services and participants were defined so broadly that almost any social need could claim Federal funds as a "social service."

In addition, these broad definitions allowed States to claim Federal funds for many services formerly funded by State agencies other than a welfare agency.

As a result, in 1969 Federal funding of social services amounted to \$354 million; by 1972 the level of Federal funding has risen to more than \$1.5 billion, and in July 1972 there were indications that the fiscal 1973 funding level could rise as high as \$4.7 billion. This dramatic increase in Federal costs to meet State demands prompted the Administration and Congress to seek a limitation on spending. Following a number of legislative endeavors, the Congress finally approved an amendment to the revenue sharing bill which fixed a \$2.5 billion limit on the social services program. In addition, this legislation specified:

1. That each State's proportionate share would be based on its proportionate share of the population.
2. The 75 percent match would continue until the State had reached its proportionate share.
3. Except for designated services to drug addicts, alcoholics, and mentally retarded plus child care and family planning programs, 90 percent of the expenditures would have to be made on behalf of current welfare recipients. The exemptions to this requirement are:
  - (a) child care services related to the employment or training of a member of the family, or the death, incapacity or continued absence of the parent or guardian;
  - (b) family planning services;
  - (c) services to mentally retarded individuals;
  - (d) services to drug addicts and alcoholics undergoing treatment;
  - (e) services to children who are under foster care.

By enacting into law a ceiling on expenditures for social services, the Congress was able to avoid a fiscal crisis, but in doing so it revived the debate over the scope of social services.

### Reaction and Response

During the period in which Congress was confronting the issue of how to limit the growth of social services expenditures, numerous comments were directed toward the social service program.

The Senate Finance Committee in its report on the revenue sharing bill stated:

Under present administrative guidelines—or perhaps more correctly lack of guidelines—States have succeeded in financing almost any government activity under this provision. The distribution of social services today seems based more on a State's aggressiveness and administrative ingenuity than the needs of its recipients of assistance.

State welfare departments, which are supposed to exercise control over these expenditures, are becoming little more than fiscal conduits. Some States have gone so far as to formally appropriate private funds—like UGF, and so forth—so they will qualify for Federal matching money.

The Senate Appropriations Committee in reporting the 1973 HEW appropriations bill wrote:

The Committee is not convinced that these funds are being spent prudently and effectively, in all cases.

This Committee is concerned that the use of this source of Federal financing is out of any reasonable control: The Department of Health, Education, and Welfare cannot even describe to us with any precision what \$2 billion of taxpayers money is being used for.

This Committee believes that the Congress must limit the Federal liability for this largely unknown, undefined, and open-ended financing mechanism.

This Committee believes that it is its responsibility to present the continuing uncontrolled and open-ended Federal liability for this program until the Congress has been convinced that these funds are being spent prudently and effectively.

In testifying before the Senate Appropriations Committee, Secretary Richardson said, "we have no good way of ascertaining the effectiveness of the expenditures for social services. We are convinced in a vague sort of way, it is a good thing, but we have no clear-cut way of determining whether or not and to what extent we are getting our money's worth."

And, then the Senate Finance Committee in its report on H.R. 1 indicated what it expected from the Department of Health, Education, and Welfare in regulating social services. It stated:

The Secretary, by law, is given specific authority 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 has failed to establish effective limitations. In fact, the regulations he has promulgated and the actions of HEW regional officials have invited the very expansion which has taken place.

The Committee directs the Secretary of HEW to issue regulations prescribing the conditions under which State welfare agencies may purchase services they do not themselves provide, and regulations which clearly state that the State matching requirement cannot be met by funds donated by private sources.

The Committee was told by the Secretary of Health, Education, and Welfare that new regulations will require reporting of how social service funds are used. The Committee expects the Secretary to have available detailed information on how social service funds are being spent and on their effectiveness.

After having expressed the hope that steps would be taken to limit the scope of the social service program it was surprising to hear so many in Congress then condemn the Department when it issued regulations to meet that very objective. What made it even more surprising was the charge leveled by some that the regulations had violated "the intent of Congress." After having read the entire legislative history of the social services program, including Title III of the recently enacted State and Local Fiscal Assistance Act of 1972 (PL 92-512), I am firmly convinced that for the first time regulations were issued which approximated Congressional intent in the operation and scope of the social services program. Secretary Weinberger agreed, observing that in the past "what Congress truly intended was not well enunciated in regulations of our Department nor followed in its administration of the program." The proposed regulations, it would seem, have taken a major step toward meeting the basic objectives of social services; objectives which by and large had been distorted over the years.

There is no question that the social services program had been distorted and among the distortions were the following as spelled out by Secretary Weinberger during an appearance before the Finance Committee:

1. Following enactment of the 1962 and 1967 amendments to the act, new provisions allowed the purchase of services for eligible recipients from State and local agencies other than the welfare department and from private agencies. While use of other agencies for the provision of services is not objectionable in and of itself, this segment of the program became the source of many abuses.

2. Another example of this distortion was the practice of accepting eligibility determination on a group basis. Model Cities areas, for instance, were often "blanketed" in making every individual, regardless of his income, employment status or needs, eligible to receive free social services if he lived within the geographic limits of the Model Cities neighborhood. Group eligibility precluded program accountability by making it impossible to allocate expenditures only to those eligible for them. This lack of accountability subverted the goal of the act—making services available to those who need them most to enable them to get off welfare.

3. The lack of definition of "family services" in the 1967 Social Security Act amendment served as another important incentive to program growth. Almost every service, aid, or program, designed to help anyone, became a "social service", eligible for 75 percent Federal matching. Thus many States began claiming as "social services" everything from parole and probation counseling to meals served in community settings.

4. Finally, the lack of any kind of maintenance-of-effort provision in the law or regulations allowed the States, with Federal matching, to refinance programs which they had traditionally supported entirely out of State funds.

The result, according to the Secretary, was a "social services program which had been allowed to finance a broad range of services without much regard for whether they were focused on public assistance recipients or whether the services were designed to make welfare families independent of welfare payments and persons in the adult welfare categories more self-sufficient."

If our objective is to reduce welfare dependency among welfare recipients, especially among those receiving aid under the AFDC program, then the steps taken by the Department to concentrate funds in the effort to meet that objective were correct.

Yet, some in Congress have challenged the regulations of the Department insisting that they would do serious damage to the efforts to reduce dependency.

Clearly, what we have here is the outline of major debate over the scope of the social services program.

The Administration is convinced, and I think the record supports their position, that the intent of social services has been to reduce the dependency of current welfare recipients or those in danger of becoming dependent through services which relate to their needs.

On the other hand, those who have challenged the Department's position are contending that social services were designed to not only serve current recipients, but former and "potential" recipients as well. In addition, they argue that the scope of services should include services which would "help recipients cope with and overcome day-to-day problems, strengthen their everyday life, and increase their self-confidence in addition to those services designed to insure employment."

By expanding the scope, however, of the social services program to include often vague and undefined services and by extending participation to an enlarged non-welfare related clientele, the conditions are created for abuse and inefficiency.

In my opinion, those who seek to overturn the Department's position have mis-read the history of the social services program. It is my view that Congress established a policy designed to deliver services to those on welfare in an effort to reduce their dependency.

Yet we are asked to adopt without much discussion a legislative proposal which would, in effect, erode that basic commitment and perpetuate the abuses of the past.

### **The Social Services Amendments of 1973**

The Committee amendment, the Social Services Amendments of 1973, if enacted into law, would effectively cripple, if not end, the

efforts by the Administration to restore the social service program to its rightful role; that is, to serve those on welfare, or close to it. In other words, to serve those who are the neediest.

Instead of correcting the abuses of the past, the Committee amendment seeks to legitimize those abuses by statute.

To be specific, the Committee amendment would:

1. Expand the goals of social services to include community and institutional care in addition to self support and family care.

2. Allow States to delegate the determination of eligibility to other agencies who are providing services.

3. Defines eligibility of former recipients as anyone who has received assistance *within the past two years*.

4. Defines the eligibility of "potential" recipients as individuals who are likely to become applicants for assistance in the *next five years*.

5. Establishes as an income test for "potential" recipients the minimum living standard budget as determined by the Department of Labor. This test would make available free services to almost all families with incomes under \$7,000.

In addition, it would make eligible for free day care to every family in this country with incomes of \$10,582 and in some areas this service would be provided without cost to families of four with incomes as high as \$12,000.

6. Permits the States to provide the following defined services:

Day care services for children.

Day care services for children with special needs.

Services for children in foster care.

Protective services for children.

Family planning services.

Protective services for adults.

Services for adults in foster care.

Homemaker services.

Chore services.

Home delivered or congregate meals.

Day care services for adults.

Health related services.

Home management and other functional educational services.

Housing improvement services.

Legal services (unrestricted as to the type of legal services).

Transportation services.

Educational and training services.

Employment services.

Informational and referral services.

Special services for the mentally retarded.

Special services for the blind.

Special services for the emotionally disturbed.

Special services for the physically handicapped.

Services for alcoholism and drug addiction.

7. Requires the approval by HEW of other services requested by the State except upon finding that such services are inconsistent with the *goals* of the social service program.

8. Allows Federal Financial Participation for costs of medical and mental health diagnosis and consultation when necessary to carry out service responsibilities.

9. Permit group eligibility to be extended, at the discretion of the State, to migrants and Indians, and, with the approval of the Secretary, to other groups as defined by the States.

10. Permit states to include in the State's match any private contributions including *in-kind contributions*, donated on an unrestricted basis.

11. Increases from 10 percent to 25 percent the amount of service funds that each state may spend on former and "potential" recipients.

The Committee amendment would clearly permit, under the color of law, the very same abuses which occurred under existing regulations.

It would permit Federal reimbursement for a wide range of activities many of which are unrelated to combating welfare dependency.

It would extend the opportunity for participation to those not on welfare by defining "potential" recipients as anyone likely to become dependent within a five year period. This is the very same definition which resulted in the expansion of services many of which were unrelated to reducing welfare dependency.

It would establish in law a long list of services many of which are vague and undefined.

By extending the determination of eligibility to other agencies the responsibility for accountability and control would be severely diminished.

And finally, it would erode the amount of funds available to meet the needs of current welfare recipients.

In essence, the Committee amendment fails to reform the current abuses of the social services program, and instead continues them. It also fails to re-direct the social services program to better serve its original and basic goal; *the rehabilitation of those on welfare*.

It fails because the architects of the amendment evidently believe in a different conception of the social services program. In this context, then, we need to consider very carefully the implications of the committee amendment as it relates to our policy toward welfare.

At the heart of the debate over social services is the issue of dependency.

There are those who believe that it is the policy of the Federal government to provide services to those on welfare, or close to it, to assist them in becoming *less dependent*.

On the other hand, the supporters of the Committee amendment apparently believe it is the policy of the Federal government to not only assist those on welfare but those not on welfare as well on the theory that without services they *might become dependent*.

But if services are extended to a segment of the population not on welfare, two fundamental questions must be raised:

First, are there any limits as to who may participate?

Second, are there any limits as to the kinds of circumstances in life that would qualify for services in the name of avoiding welfare dependency?

These are difficult questions, but they must be confronted, for they are basic to determining the nature of the social services program.

Apparently, the authors of the amendment have concluded that the limits on participants and services ought to be minimal. If this is cor-

rect how can it be argued that social services reduce dependency when in fact all we are doing is extending that dependency, in a different form, to more and more people.

If we accept the rather novel proposition that to avoid dependency we must extend dependency then we will have surely created the conditions for greater claims on Federal funds to provide increased numbers of services. And under these conditions pressure will mount to lift the current \$2.5 billion ceiling on social services expenditures.

The prospect of a broad social services program as envisioned by the Committee amendment is disheartening for such a program reduces our basic commitment to those who need services the most by extending services to some who need them the least.

What the committee amendment proposes has momentous implications for social services in particular and our welfare policies in general. In this respect we have an important opportunity to not only pass judgment on the committee amendment but to determine, perhaps, the future direction of the social services program.

### **Social Services: Are They the Answer?**

In debating the issue as to the scope of the social services program we need to also consider whether social services, as a tool, is the answer to reducing welfare dependency.

We are told, with computerlike regularity, that social services can resolve welfare dependency. But the evidence seems to contradict that view.

For example, a recent GAO report noted that:

Social services had only a minor impact on directly helping recipients to develop and use the skills necessary to achieve reduced dependency or self-support. Therefore, one of the basic Congressional goals for the services—that they help people get off welfare—has not been achieved.

It is unrealistic to expect that social services can play a major role in helping recipients achieve reduced dependency or self-support, considering the nature of services, the method for determining who should receive certain services, and present economic constraint.

And, Joseph Hefferan, in an article appearing in a study issued by the Joint Economic Committee, argued:

Recent studies of the efficacy of social services have revealed that even when services are offered under nearly ideal circumstances—by highly educated professionals servicing small caseloads which are especially selected for their suitability for casework intervention—clients are likely to regard the service as vague and pleasant but irrelevant. Further, the services make no significant impact on welfare caseloads. The studies showed no reduction in caseload increases or duration as a result of dollars spent on service delivery. These studies collectively have challenged the basic premise of the service strategy, for they have failed to demonstrate a connection between service intervention and the recipient quitting relief.



Finally, Congresswoman Martha Griffiths, Chairman of the Subcommittee on Fiscal Policy of the Joint Economic Committee, argued that:

For years the Congress was told that more social services would reduce welfare dependency. The statute says that services are to promote "self-support and personal independence" and "to prevent or reduce dependency." There was little evidence for this claim at the time and, despite the massive infusion of Federal funds, there is still no confirming evidence. Theoretically, the increase in service money should have reduced the welfare caseload, but in fact the welfare caseload has burgeoned. It has been difficult to measure effectiveness carefully because to date no one has known on what the money was being spent and who was receiving the services. It is hard to see the connection between the extremely broad group of social services that currently can qualify a State for Federal matching on the one hand and the reduction of dependency on the other. The plight of welfare recipients and the cost of welfare to the taxpayers seem to have been used as a pretext for claiming Federal dollars.

These and other commentaries have raised profound questions as to the validity of the service strategy in eliminating dependency on welfare.

Yet, I would be the first to admit that the jury is still out on social services since the basic concept has yet to be fully developed, implemented, and competently administered.

What is needed therefore is a full scale review of social services as it relates to welfare.

With all we know about social services at this point, Congress should not be too eager to seemingly approve so quickly legislation which would seek to not only continue the same old approach to welfare, but the abuses as well.

#### Conclusion

In enacting a social services program Congress clearly intended to provide Federal funds, on a matching basis, to the States to enable state welfare agencies to deliver services of a casework nature to welfare recipients. The objective was to provide services which were related to the reduction of welfare dependency.

But because of loose regulations and vague definitions of services and participants, the basic scope of the program was diminished.

Instead of being focused on those on welfare or those in danger of becoming dependent, the social services program became as Secretary Weinberger termed it, "an almost universal services program to be used to combat a wide variety of society's problems."

The result was a program whose fiscal demands became insatiable, finally forcing the Congress to enact a ceiling.

In doing so it expressed through different forms the hope that the social services programs would be controlled and re-directed.

The Department of Health, Education, and Welfare determined then that it must, at long last, organize the social service program in such a way as to meet its basic responsibilities to those on welfare.

The regulations it proposed were intended to reverse the disintegration in this program by re-directing it to its initial goal.

These regulations were intended to direct services to :

. . . persons receiving benefits through the AFDC program to increase the employment of heads of AFDC families.

. . . persons receiving public assistance or with incomes which placed them in a position that was likely to lead them to dependence on public assistance.

While the regulations are by no means perfect, they do reform the abuses of the past.

The reaction to these regulations and subsequent modifications has been intense, however.

The alternative, at this point, is the Committee amendment, which I believe does nothing but revert the social services program to the wide open program that has characterized it in the past.

I am not satisfied that the Committee amendment is a reasonable alternative given the intent of Congress in establishing a social service program.

The Committee amendment is a form of reaction to attempts by the Administration to reform social services, but reaction is not enough.

We need to reexamine the basis for social services and how they relate to reducing welfare dependency.

We also need to re-think the relationship of social services to welfare in general.

In short, we need to develop a new conception of social services to meet current needs and to determine, through careful consideration, who should receive the benefits of social services.

It is time to review social services under conditions which will produce a commitment between Congress and the Executive so that whatever objectives are formulated will have a chance for success.

To mandate into law a view of social services that is in direct conflict with the legislative history of this program without broad consideration would be a serious mistake.

It is time for reform and re-direction. Reaction without reform is unacceptable.

PAUL J. FANNIN.  
CLIFFORD P. HANSEN.





# H. R. 3153

[Report No. 93-553]

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IN THE SENATE OF THE UNITED STATES

APRIL 3, 1973

Read twice and referred to the Committee on Finance

NOVEMBER 21, 1973

Reported by Mr. LONG, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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## AN ACT

To amend the Social Security Act to make certain technical and conforming changes.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 ~~That section 228(d)(1) of the Social Security Act is~~  
4 ~~amended by inserting "or supplemental security income bene-~~  
5 ~~fits under title XVI (as in effect after December 31, 1973);"~~  
6 ~~after "IV,".~~

7       Sec. 2. Title XI of the Social Security Act is amended—  
8           ~~(1)(A) by striking out "I," "X," "XIV," and~~  
9           ~~"XVI," in section 1101(a)(1), and~~  
10           ~~(B) by adding at the end of section 1101(a)(1) the~~  
11           following new sentence: "In the case of Puerto Rico,

1 the Virgin Islands, and Guam, titles I, X, and XIV, and  
2 title XVI as in effect without regard to the amendment  
3 made by section 301 of the Social Security Amendments  
4 of 1972, shall continue to apply, and the term 'State'  
5 when used in such titles (but not in title XVI as in effect  
6 pursuant to such amendment after December 31, 1973)  
7 includes Puerto Rico, the Virgin Islands, and Guam.”;

8 (2) by striking out “I, X, XIV, XVI,” in section  
9 1193 and inserting in lieu thereof “XVI”;

10 (3) by striking out “I, X, XIV, and” in section  
11 1111;

12 (4) (A) by striking out “I, X, XIV, XVI,” in the  
13 matter preceding clause (a) in section 1115, and insert-  
14 ing in lieu thereof “VI, XVI,”

15 (B) by striking out “section 2, 402, 1002, 1402,  
16 1602, or” in clause (a) of such section and inserting in  
17 lieu thereof “title VI, part A of title IV, or section”,  
18 and

19 (C) by striking out “3, 403, 1003, 1403, 1603,”  
20 in clause (b) of such section and inserting in lieu thereof  
21 “403, 603,”;

22 (5) (A) by striking out “I, X, XVI, XIV,” in  
23 subsections (a)(1), (b), and (d) of section 1116, and  
24 inserting in lieu thereof “VI”, and

25 (B) by striking out “4, 404, 1004, 1404, 1604,”

1 in subsection ~~(a)(3)~~ of such section and inserting in  
2 lieu thereof "404, 604"; and

3 ~~(6)(A)~~ by striking out "aid or assistance, other  
4 than medical assistance to the aged, under a State plan  
5 approved under title I, X, XIV, or XVI, or" in  
6 section 1119 and inserting in lieu thereof "aid or  
7 assistance under a State plan approved under", and

8 ~~(B)~~ by striking out "~~3(a), 403(a), 1003(a),~~  
9 ~~1403(a), or 1603(a)~~" in such section and inserting  
10 in lieu thereof "403(a)".

11 SEC. 3. ~~(a)~~ Section 1843 ~~(b)(2)~~ of the Social Security  
12 Act is amended by adding at the end thereof the following:  
13 "Effective January 1, 1974, and subject to section 1902(e),  
14 the Secretary at the request of any State shall, notwithstand-  
15 ing the repeal of titles I, X, and XIV by section 303(a) of  
16 the Social Security Amendments of 1972 and the amend-  
17 ments made to title XVI by section 301 of such amend-  
18 ments, continue in effect the agreement entered into under  
19 this section with such State insofar as it includes individuals  
20 who are eligible to receive benefits under part A of title IV,  
21 or supplementary security income benefits under title XVI  
22 (as in effect after December 31, 1973), or are otherwise  
23 eligible to receive medical assistance under the plan of such  
24 State approved under title XIX. The provisions of subsec-  
25 tion ~~(h)(2)~~ of this section as in effect before the effective

1 date of the repeals and amendments referred to in the pre-  
2 ceeding sentence shall continue to apply with respect to in-  
3 dividuals included in any such agreement after such date.”.

4 ~~(b)~~ Section 1843(c) of such Act is amended by strik-  
5 ing out the semicolon and all that follows and inserting in  
6 lieu thereof a period.

7 ~~(c)~~ Section 1843(d)(3) of such Act is amended to  
8 read as follows:

9 “~~(3)~~ his coverage period attributable to the agree-  
10 ment with the State under this section shall end on the  
11 last day of any month in which he is determined by  
12 the State agency to have become ineligible for medical  
13 assistance.”

14 ~~(d)~~ Section 1843(f) of such Act is amended—

15 (1) by inserting “or receiving supplemental secu-  
16 rity income benefits under title XVI (as in effect after  
17 December 31, 1973), “after IV,”;

18 (2) by striking out “if the agreement entered into  
19 under this section so provides,”;

20 (3) by striking out “I, XVI, or”; and

21 (4) by striking out “individuals receiving money  
22 payments under plans of the State approved under titles  
23 I, X, XIV, and XVI, and part A of title IV, and”.

24 Sec. 4. (a) Title XIX of the Social Security Act is  
25 amended—

1           ~~(1)~~ by striking out “permanently and totally” in  
2 clause ~~(1)~~ of the first sentence of section 1901;

3           ~~(2)~~ by striking out “, except that the determina-  
4 tion of eligibility for medical assistance under the plan  
5 shall be made by the State or local agency administering  
6 the State plan approved under title I or XVI (insofar as  
7 it relates to the aged)” in section 1902(a)(5);

8           ~~(3)(A)~~ by inserting after “title IV” in section  
9 1902(a)(10) the following: “, or who are receiving a  
10 supplemental security income payment under title XVI  
11 (as in effect after December 31, 1973) and who would  
12 except for such payment, be eligible for such medical  
13 assistance under the State plan or who would have been  
14 eligible for such medical assistance under the medical  
15 assistance standard as in effect on January 1, 1972 (ex-  
16 cept that in determining income for this purpose, ex-  
17 penses incurred for medical care must be deducted)”;

18           ~~(B)~~ by striking out “not receiving aid or assistance  
19 under any such plan” in subparagraph ~~(A)(ii)~~ of such  
20 section and inserting in lieu thereof “pursuant to sub-  
21 paragraph ~~(B)(ii)~~”;

22           ~~(C)~~ by inserting after “Secretary” in subparagraph  
23 ~~(B)~~ of such section “or who are individuals receiving  
24 supplemental security income benefits under title XVI  
25 (as in effect after December 31, 1973) (which for



1 the purposes of this subparagraph shall be considered  
2 to be a State plan) but who are not eligible under sub-  
3 paragraph (A)";

4 ~~(D)~~ by inserting after "State plan" in subpara-  
5 graph ~~(B)(i)~~ of such section "or who are receiving a  
6 supplemental security income payment under title XVI  
7 (as in effect that December 31, 1973) and who would,  
8 except for such payment, be eligible for medical assist-  
9 ance under the State plan," and

10 ~~(E)~~ by striking out "not receiving aid or assistance  
11 under any such State plan" in subparagraph ~~(B)(ii)~~  
12 of such section and inserting in lieu thereof "under clause  
13 ~~(i)~~ of this subparagraph";

14 ~~(4)~~ by inserting after "IV," in section 1902(a)  
15 ~~(13)(B)~~ the following: "who are described in para-  
16 graph ~~(10)~~ with respect to whom medical assistance  
17 must be made available,";

18 ~~(5)(A)~~ by inserting after "appropriate," in section  
19 1902(a) ~~(14)(A)~~ the following: "or, after December  
20 31, 1973, are required to be covered under section 1902  
21 ~~(a)(10)(A)~~ or who meet the income and resources  
22 requirement as specified in such section," and

23 ~~(B)~~ by inserting after "appropriate" in subpara-  
24 graph ~~(B)~~ of such section the following: "or who, after  
25 December 31, 1973, are included under the State plan

1 approved under title ~~XIX~~ pursuant to paragraph ~~(10)~~  
 2 ~~(B)~~,”;

3 ~~(6)(A)~~ by striking out “who are not receiving aid  
 4 or assistance under the State’s plan approved under  
 5 title I, X, XIV, or XVI, or part A of title IV,” in  
 6 the portion of section ~~1902(a)(17)~~ which precedes  
 7 clause ~~(A)~~ and inserting in lieu thereof “other than  
 8 those described in paragraph ~~(10)~~ with respect to whom  
 9 medical assistance must be made available,” and

10 ~~(B)~~ by striking out “permanently and totally” in  
 11 clause ~~(D)~~ of such section;

12 ~~(7)~~ by striking out “permanently and totally” in  
 13 section ~~1902(a)(18)~~;

14 ~~(8)~~ by striking out “referred to in section ~~3(a)~~  
 15 ~~(4)(A)(i)~~ and ~~(ii)~~ or section ~~1603(a)(4)(A)(i)~~  
 16 and ~~(ii)~~” in section ~~1902(a)(20)(C)~~ and inserting  
 17 in lieu thereof “which the State agency administering  
 18 the plan approved under title XVI determines to make  
 19 available or, after December 31, 1973, which the agency  
 20 administering the program of supplemental security in-  
 21 come benefits under title XVI (as in effect after De-  
 22 cember 31, 1973) determines to make available”;

23 ~~(9)~~ by striking out “money payments” in section  
 24 ~~1903(a)(1)~~ and inserting in lieu thereof “aid or assist-  
 25 ance”, and by inserting “, or supplemental security in-

1       come benefits under title ~~XVI~~ of such Act (as in effect  
2       after December 31, 1973),” in such section after “title  
3       IV”;

4       ~~(10)~~ by striking out section 1903(c);

5       ~~(11)~~ by inserting after “title IV,” in section  
6       1903(f)(4)(A) the following: “or supplemental se-  
7       curity income benefits under the title XVI of such Act  
8       (as in effect after December 31, 1973),”; and

9       ~~(12)(A)~~ by inserting after “title IV,” in the mat-  
10       ter preceding clause (i) in section 1905(a) the follow-  
11       ing: “or supplemental security income benefits under  
12       title XVI of such Act (as in effect after December 31,  
13       1973),”;

14       ~~(B)~~ by striking out clauses (iv) and (v) of such  
15       section and inserting in lieu thereof the following:

16       “~~(iv)~~ blind as defined in section 1614(a)(2),

17       “~~(v)~~ 18 years of age or older and disabled as de-  
18       fined in section 1614(a)(3), or”;

19       ~~(C)~~ by inserting after “XVI,” in clause (vi) of  
20       such section “or supplemental security income benefits  
21       under title XVI (as in effect after December 31,  
22       1973),”; and

23       ~~(D)~~ by striking out “or XVI” in the second  
24       sentence of such section and inserting in lieu thereof

1       “, or supplemental security income benefits under title  
2       XVI (as in effect after December 31, 1973),”.

3       (b) Section 1002(f) of such Act is amended by inserting  
4       “supplemental security income payment under title XVI  
5       and” after “such individual’s.”

6       Sec. 5. The amendments made by this Act shall become  
7       effective January 1, 1974; except that such amendments  
8       (other than the amendment made by section 2(1)(B)) shall  
9       not be applicable in the case of Puerto Rico, Guam, and the  
10      Virgin Islands.

11      That this Act, with the following table of contents, may be  
12      cited as the “Social Security Amendments of 1973”.

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## 1 TITLE I—GENERAL AMENDMENTS

## 2 PART A—SOCIAL SECURITY CASH BENEFITS

## 3 INTERIM COST-OF-LIVING INCREASE IN SOCIAL SECURITY

## 4 BENEFITS

5 SEC. 101. (a) Section 201 of Public Law 93-66 is  
6 amended—

7 (1) in subsection (a)(1), by striking out “the per-  
8 centage by which the Consumer Price Index prepared by  
9 the Department of Labor for the month of June 1973  
10 exceeds such index for the month of June 1972” and  
11 inserting in lieu thereof “7 per centum”,

1           (2) in subsection (a)(2), by striking out "after  
2       May 1974 and prior to January 1975, and, in the case  
3       of lump-sum death payments under such title, only with  
4       respect to deaths which occur after May 1974 and prior  
5       to January 1975" and inserting in lieu thereof "with  
6       respect to which this section is effective, and, in the case  
7       of lump-sum death payments under such title, only with  
8       respect to deaths which occur in months with respect to  
9       which this section is effective",

10           (3) in subsection (b), by striking out "based on the  
11       increase in the Consumer Price Index described in sub-  
12       section (a)" and inserting in lieu thereof "7 per centum",  
13       and

14           (4) in subsection (c)(2), by striking out "(except for  
15       purposes of section 203(a)(2) of such Act, as in effect  
16       after May 1974)" and inserting in lieu thereof "(except  
17       for purposes of section 203(a) of such Act, as in effect  
18       after December 1973, which section (as so in effect)  
19       shall, for purposes of the increase in social security  
20       benefits provided by this section, be deemed to be in  
21       effect for and after the first month with respect to which  
22       such increase is effective)".

23           (b) Section 201 of Public Law 93-66 is further amended  
24       by adding at the end thereof the following new subsection:

25           “(e) For purposes of subsection (a)(2), this section  
26       is effective with respect to the month in which this subsection

1 is enacted and for each month thereafter which begins prior  
 2 to June 1974.”.

3 **ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY**

4 **BENEFITS**

5 **SEC. 102. (a) Section 215(a) of the Social Security**  
 6 **Act is amended by striking out the table and inserting in lieu**  
 7 **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 pri- mary insur- ance amount (as deter- mined 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 pay- able (as pro- vided 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	\$54.50	-----	\$76	\$93.50	\$140.80
\$16.21	16.34	55.80	\$77	78	95.30	143.00
16.35	17.00	57.80	79	80	97.60	145.50
17.61	18.40	59.40	81	81	99.90	149.00
18.41	19.24	61.00	82	83	101.10	151.70
19.25	20.00	62.90	84	85	103.20	154.85
20.01	20.64	64.60	86	87	105.10	157.70
20.65	21.28	65.20	88	89	106.80	160.20
21.29	21.88	66.10	90	90	108.80	163.40
21.89	22.28	66.80	91	92	110.80	166.20
22.29	22.68	67.40	93	94	112.60	169.00
22.69	23.08	68.00	95	95	114.40	171.60
23.09	23.44	68.90	97	97	116.50	174.80
23.45	23.78	69.70	98	99	118.50	177.80
23.77	24.20	70.80	100	101	120.80	181.20
24.21	24.60	71.90	102	102	122.60	183.80
24.61	25.00	73.10	103	104	124.60	186.80
25.01	25.48	74.20	105	105	126.80	190.20
25.49	25.92	75.00	107	107	128.80	193.20
25.93	26.40	76.00	108	109	130.60	196.40
26.41	26.84	77.00	110	113	132.80	199.40
26.85	27.46	78.40	114	118	134.80	202.20
27.47	28.00	79.90	119	122	136.80	205.40
28.01	28.68	81.10	123	127	138.80	208.40
28.69	29.25	82.10	128	132	141.10	211.70
29.26	29.68	83.80	133	136	143.00	214.60
29.69	30.36	85.00	137	141	144.90	217.40
30.37	30.92	86.50	142	146	147.10	220.70
30.93	31.36	88.00	147	150	149.10	223.70
31.37	32.00	89.00	151	155	151.00	226.60
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32.61	33.20	91.00	161	164	155.10	232.70
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35.81	36.40	96.80	184	188	165.20	247.80
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37.09	37.60	99.70	194	197	169.60	254.40
37.61	38.20	101.40	198	202	171.40	257.10
38.21	38.12	103.00	203	207	173.70	260.60
38.13	39.68	104.20	208	211	175.70	263.60
39.69	40.33	105.80	212	216	177.40	266.10
40.34	41.12	107.80	217	221	179.80	269.40
41.13	41.76	109.00	222	225	181.60	272.40
41.77	42.44	110.50	228	230	183.80	275.70
42.45	43.20	112.00	231	235	185.80	278.70

"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)		V (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—		
43. 21	43. 76	169. 40	236	239	188. 10	282. 20
43. 77	44. 41	171. 00	240	244	189. 80	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	318. 00
		183. 90	273	277	204. 20	324. 80
		185. 70	278	281	206. 20	329. 60
		187. 50	282	286	208. 20	336. 40
		189. 50	287	291	210. 40	341. 30
		191. 10	292	296	212. 20	346. 90
		193. 10	298	300	214. 40	351. 70
		194. 90	301	305	216. 40	357. 60
		196. 60	306	309	218. 50	362. 40
		198. 60	310	314	220. 50	368. 20
		200. 30	315	319	222. 40	374. 10
		202. 00	320	323	224. 50	378. 80
		204. 00	324	328	226. 50	384. 70
		206. 50	329	333	228. 50	390. 50
		207. 90	334	337	230. 80	396. 20
		209. 40	338	342	232. 50	401. 00
		211. 20	343	347	234. 50	408. 90
		213. 30	348	351	236. 80	411. 50
		215. 00	352	356	238. 70	417. 40
		217. 00	357	361	240. 90	423. 50
		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. 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. 80	499. 40
		243. 80	427	431	270. 70	506. 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. 60	446	450	278. 20	519. 40
		252. 50	451	454	280. 30	521. 70
		254. 10	455	459	282. 10	524. 00
		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	536. 80
		262. 60	479	482	291. 50	539. 20
		264. 50	483	487	293. 60	541. 20
		266. 10	488	492	295. 40	544. 10
		267. 80	493	496	297. 30	548. 40
		269. 70	497	501	299. 40	549. 30
		271. 20	502	506	301. 10	552. 20
		272. 90	507	510	303. 00	554. 00
		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. 80
		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	558	322. 10	581. 60
		291. 50	557	560	323. 60	583. 00
		293. 10	561	563	325. 40	586. 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

"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 benefit)
"If an individual's primary insurance benefit (as determined under subsec. (a)) 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—		
		300.60	578	581	333.70	588.10
		302.20	582	584	335.60	597.90
		303.60	585	588	337.00	600.30
		305.30	589	591	338.80	602.00
		308.80	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
		315.80	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
		321.80	628	630	357.40	625.30
		323.40	631	634	359.00	628.40
		325.00	635	637	360.80	631.30
		326.00	638	641	362.00	634.40
		328.00	642	644	364.10	637.20
		329.80	645	648	365.90	640.30
		331.00	649	652	367.60	643.16
		332.00	653	656	368.60	645.00
		332.90	657	660	369.60	648.70
		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
		338.80	681	685	376.20	658.40
		340.10	686	690	377.60	660.70
		341.30	691	695	378.80	663.10
		342.60	696	700	380.20	665.40
		343.70	701	705	381.60	667.70
		344.90	706	710	382.80	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	390.80	684.00
		353.30	741	745	392.20	686.40
		354.60	746	750	393.50	688.70
		355.80	751	755	394.70	690.70
		356.00	756	760	395.80	692.60
		357.60	761	765	398.80	694.60
		358.60	766	770	398.00	695.60
		359.60	771	775	399.10	698.60
		360.60	776	780	400.20	700.30
		361.60	781	785	401.30	702.30
		362.60	786	790	402.40	704.20
		363.60	791	795	403.50	705.20
		364.60	796	800	404.60	708.10
		365.60	801	805	405.80	710.10
		366.60	806	810	406.90	712.00
		367.60	811	815	408.00	714.00
		368.60	816	820	409.10	715.90
		369.60	821	825	410.20	717.80
		370.60	826	830	411.30	719.80
		371.60	831	835	412.40	721.80
		372.60	836	840	413.50	723.70
		373.60	841	845	414.60	725.70
		374.60	846	850	415.70	727.60
		375.60	851	855	416.80	729.60
		376.60	856	860	418.00	731.40
		377.60	861	865	419.10	733.40
		378.60	866	870	420.20	735.30
		379.60	871	875	421.30	737.30
		380.60	876	880	422.40	739.20
		381.60	881	885	423.50	741.20
		382.60	886	890	424.60	743.10
		383.60	891	895	425.70	745.10
		384.60	896	900	426.80	747.00
		385.60	901	905	428.00	749.00
		386.60	906	910	429.10	750.90
		387.60	911	915	430.20	752.80
		388.60	916	920	431.30	754.70
		389.60	921	925	432.40	756.70

"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 pri- mary insur- ance amount (as deter- mined 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 pay- able (as pro- vided 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—		
		\$80.50	928	930	433.50	758.00
		\$91.50	931	935	434.60	760.60
		\$92.50	936	940	435.70	762.50
		\$93.50	941	945	436.80	764.50
		\$94.50	946	950	437.90	766.40
		\$95.50	951	955	439.10	768.40
		\$96.50	956	960	440.20	770.30
		\$97.50	961	965	441.30	772.30
		\$98.50	966	970	442.40	774.20
		\$99.50	971	975	443.50	776.20
		\$100.50	976	980	444.60	778.00
		\$101.50	981	985	445.70	780.00
		\$102.50	986	990	446.80	781.90
		\$103.50	991	995	447.90	783.90
		\$104.50	996	1,000	449.00	785.80
			1,001	1,005	450.00	787.60
			1,000	1,010	451.00	789.50
			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	803.50
			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	810.50
			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	817.50
			1,091	1,095	468.00	819.00
			1,096	1,100	469.00	820.80."

1           (b)(1) Effective June 1, 1974, sections 227 and 228  
2 of the Social Security Act are amended by striking out  
3 "\$58.00" wherever it appears and inserting in lieu thereof  
4 "the larger of \$64.40 or the amount most recently established  
5 in lieu thereof under section 215(i)", and by striking out  
6 "\$29.00" wherever it appears and inserting in lieu thereof  
7 "the larger of \$32.20 or the amount most recently established  
8 in lieu thereof under section 215(i)".

1       (2) Section 202(a)(4) of Public Law 92-336 is hereby  
2 repealed.

3       (c) The amendment made by subsection (a) shall apply  
4 with respect to monthly benefits under title II of the Social  
5 Security Act for months after May 1974, and with respect  
6 to lump-sum death payments under section 202(i) of such  
7 Act in the case of deaths occurring after such month.

8       (d) Section 202(a)(3) of Public Law 92-336 is  
9 amended by striking out "January 1, 1975" in subpara-  
10 graphs (A), (B), and (C) and inserting in lieu thereof in  
11 each instance "June 1, 1974".

12       (e) Notwithstanding any other provision of law, in  
13 determining income for purposes of pension benefits for  
14 veterans and their widows and children under chapter 15 of  
15 title 38, United States Code, and under section 9(b) of the  
16 Veterans' Pension Act of 1959, and in determining income  
17 for purposes of dependency and indemnity compensation for  
18 parents under chapter 13 of such title 38, any increase in  
19 the amount of the monthly insurance benefits payable under  
20 title II of the Social Security Act resulting from the enact-  
21 ment of section 201 of Public Law 93-66, the amendments  
22 made thereto by section 101 of this Act, or section 102 of this  
23 Act shall be disregarded, whether such increase is included  
24 in the regular monthly payment of such monthly insurance

1 *benefits or is paid in a lump sum retroactively for a prior*  
2 *period.*

3 **MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE**

4 **PROVISIONS**

5 *SEC. 103. (a) Clause (i) of section 215(i)(1)(A) of*  
6 *the Social Security Act is amended to read as follows: "(i)*  
7 *the calendar quarter ending on March 31 in each year after*  
8 *1974, or"*.

9 *(b) Clause (ii) of section 215(i)(1)(B) of such Act*  
10 *is amended by striking out "in which a law" and all that*  
11 *follows and inserting in lieu thereof "if in the year prior to*  
12 *such year a law has been enacted providing a general benefit*  
13 *increase under this title or if in such prior year a benefit*  
14 *increase becomes effective; and"*.

15 *(c) Section 215(i)(2)(A)(i) of such Act is amended*  
16 *by striking out "1974" and inserting in lieu thereof "1975",*  
17 *and by striking out "and to subparagraph (E) of this para-*  
18 *graph"*.

19 *(d) Section 215(i)(2)(A)(ii) of such Act is*  
20 *amended—*

21 *(1) by striking out "such base quarter" and insert-*  
22 *ing in lieu thereof "the base quarter in any year";*

23 *(2) by striking out "January of the next calendar*  
24 *year" and inserting in lieu thereof "June of such year";*



1           (3) by striking out “(subject to subparagraph  
2           (E))”; and

3           (4) by striking out “(but not including a primary  
4           insurance amount determined under subsection (a) (3) of  
5           this section)”.

6           (e) Section 215(i)(2)(B) of such Act is amended by  
7           striking out “December” each place it appears and inserting  
8           in lieu thereof “May”, and, by striking out “(subject to sub-  
9           paragraph (E))”.

10          (f) Section 215(i)(2)(C)(ii) of such Act is amended  
11          by striking out “on or before August 15 of such calendar  
12          year” and inserting in lieu thereof “within 30 days after  
13          the close of such quarter”.

14          (g) Section 215(i)(2)(D) of such Act is amended  
15          by striking out “on or before November 1 of such calendar  
16          year” and inserting in lieu thereof “within 45 days after  
17          the close of such quarter”.

18          (h) Section 215(i)(2) of such Act is amended by  
19          striking out subparagraph (E).

20          (i) For purposes of section 203(f)(8) of the Social  
21          Security Act, so much of section 215(i)(1)(B) of such Act  
22          as follows the semicolon, and section 230(a) of such Act, the  
23          increase in benefits provided by section 102 of this Act shall  
24          be considered an increase under section 215(i) of the Social  
25          Security Act.

1       (j)(1) Section 230(a) of such Act is amended—

2           (A) by striking out “with the first month of the  
3       calendar year” and inserting in lieu thereof “with the  
4       June”; and

5           (B) by striking out “(along with the publication  
6       of such benefit increase as required by section 215(i)  
7       (2)(D))” and by striking out “(unless such increase  
8       in benefits is prevented from becoming effective by section  
9       215(i)(2)(E))”.

10       (2) Section 230(c) of such Act is amended by striking  
11       out “the first month” and inserting in lieu thereof “the June”.

12       (k)(1) Section 203(f)(8)(A) of such Act is amended  
13       to read as follows:

14           “(A) Whenever the Secretary pursuant to section  
15       215(i) increases benefits effective with the month of  
16       June following a cost-of-living computation quarter, he  
17       shall also determine and publish in the Federal Register  
18       on or before November 1 of the calendar year in which  
19       such quarter occurs a new exempt amount which shall  
20       be effective (unless such new exempt amount is pre-  
21       vented from becoming effective by subparagraph (C) of  
22       this paragraph) with respect to any individual’s taxable  
23       year which ends after the calendar year in which such  
24       benefit increase is effective (or, in the case of an indi-  
25       vidual who dies during the calendar year after the cal-

1        *endar year in which the benefit increase is effective,*  
2        *with respect to such individual's taxable year which*  
3        *ends, upon his death, during such year)." .*

4        (2) Section 203(f)(8)(B) of such Act is amended by  
5        striking out "no later than August 15 of such year" and in-  
6        serring in lieu thereof "within 30 days after the close of the  
7        base quarter (as defined in section 215(i)(1)(A)) in such  
8        year".

9        (3) Section 203(f)(8)(C) is amended by striking out  
10       "or providing a general benefit increase under this title (as  
11       defined in section 215(i)(3))".

12       (l)(1) Section 215(a)(3) of the Social Security Act  
13       is amended by striking out "\$8.50" and inserting in lieu  
14       thereof "the larger of \$9.50 or the amount most recently  
15       established in lieu thereof under section 215(i)".

16       (2) The amendment made by paragraph (1) shall  
17       apply with respect to monthly benefits under title II of the  
18       Social Security Act for months after May 1974, and with  
19       respect to lump-sum death payments under section 202(i)  
20       of such Act in the case of deaths occurring after such month.

21                                    **INCREASE IN EARNINGS BASE**

22       SEC. 104. (a)(1) Section 209(a)(8) of the Social  
23       Security Act is amended by striking out "\$12,600" and in-  
24       serring in lieu thereof "\$13,200".

25       (2) Section 211(b)(1)(H) of such Act is amended

1 by striking out "\$12,600" and inserting in lieu thereof  
2 "\$13,200".

3 (3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of  
4 such Act are each amended by striking out "\$12,600" and  
5 inserting in lieu thereof "\$13,200".

6 (4) Section 215(e)(1) of such Act is amended by  
7 striking out "\$12,600" and inserting in lieu thereof  
8 "\$13,200".

9 (b)(1) Section 1402(b)(1)(H) of the Internal Rev-  
10 enue Code of 1954 (relating to definition of self-employment  
11 income) is amended by striking out "\$12,600" and inserting  
12 in lieu thereof "\$13,200".

13 (2) Effective with respect to remuneration paid after  
14 1973, section 3121(a)(1) of such Code is amended by  
15 striking out the dollar amount each place it appears therein  
16 and inserting in lieu thereof "\$13,200".

17 (3) Effective with respect to remuneration paid after  
18 1973, the second sentence of section 3122 of such Code is  
19 amended by striking out the dollar amount and inserting in  
20 lieu thereof "\$13,200".

21 (4) Effective with respect to remuneration paid after  
22 1973, section 3125 of such Code is amended by striking out  
23 the dollar amount each place it appears in subsections (a),  
24 (b), and (c) and inserting in lieu thereof "\$13,200".

25 (5) Section 6413(c)(1) of such Code (relating to spe-

1 cial refunds of employment taxes) is amended by striking  
2 out "\$12,600" each place it appears and inserting in lieu  
3 thereof "\$13,200".

4 (6) Section 6413(c)(2)(A) of such Code (relating  
5 to refunds of employment taxes in the case of Federal em-  
6 ployees) is amended by striking out "\$12,600" and insert-  
7 ing in lieu thereof "\$13,200".

8 (7) Effective with respect to taxable years beginning  
9 after 1973, section 6654(d)(2)(B)(ii) of such Code (re-  
10 lating to failure by individual to pay estimated income tax)  
11 is amended by striking out the dollar amount and inserting in  
12 lieu thereof "\$13,200".

13 (c) Section 230(c) of the Social Security Act is  
14 amended by striking out "\$12,600" and inserting in lieu  
15 thereof "\$13,200".

16 (d) Paragraphs (2)(C), (3)(C), (4)(C), and  
17 (7)(C) of section 203(b) of Public Law 92-336 are each  
18 amended by striking out "\$12,600" and inserting in lieu  
19 thereof "\$13,200".

20 (e) The amendments made by this section, except sub-  
21 section (a)(4), shall apply only with respect to remunera-  
22 tion paid after, and taxable years beginning after, 1973.  
23 The amendments made by subsection (a)(4) shall apply  
24 with respect to calendar years after 1973.

25 (f) The amendments made by this section to provisions

1 of the Social Security Act, the Internal Revenue Code of  
2 1954, and Public Law 92-336 shall be deemed to be made  
3 to such provisions as amended by section 203 of Public  
4 Law 93-66.

5 CHANGES IN TAX SCHEDULES

6 SEC. 105. (a)(1) Section 3101(a) of the Internal Rev-  
7 enue Code of 1954 (relating to rate of tax on employees  
8 for purposes of old-age, survivors, and disability insurance)  
9 is amended by striking out paragraphs (4) through (6)  
10 and inserting in lieu thereof the following:

11 “(4) with respect to wages received during the  
12 calendar year 1973, the rate shall be 4.85 percent;

13 “(5) with respect to wages received during the  
14 calendar years 1974 through 2010, the rate shall be  
15 4.95 percent; and

16 “(6) with respect to wages received after Decem-  
17 ber 31, 2010, the rate shall be 5.95 percent.”

18 (2) Section 3111(a) of such Code (relating to rate of  
19 tax on employers for purposes of old-age, survivors, and  
20 disability insurance) is amended by striking out paragraphs  
21 (4) through (6) and inserting in lieu thereof the following:

22 “(4) with respect to wages paid during the calen-  
23 dar year 1973, the rate shall be 4.85 percent;

24 “(5) with respect to wages paid during the calendar

1       *years 1974 through 2010, the rate shall be 4.95 percent;*

2       *and*

3             *“(6) with respect to wages paid after December 31,*

4             *2010, the rate shall be 5.95 percent.”.*

5       *(b) (1) Section 1401(b) of such Code (relating to rate*

6 *of tax on self-employment income for purposes of hospital*

7 *insurance) is amended by striking out paragraphs (2)*

8 *through (5) and inserting in lieu thereof the following:*

9             *“(2) in the case of any taxable year beginning after*

10            *December 31, 1972, and before January 1, 1974, the*

11            *tax shall be equal to 1.0 percent of the amount of the self-*

12            *employment income for such taxable year;*

13            *“(3) in the case of any taxable year beginning after*

14            *December 31, 1973, and before January 1, 1978, the*

15            *tax shall be equal to 0.90 percent of the amount of the*

16            *self-employment income for such taxable year;*

17            *“(4) in the case of any taxable year beginning after*

18            *December 31, 1977, and before January 1, 1981, the*

19            *tax shall be equal to 1.10 percent of the amount of the*

20            *self-employment income for such taxable year;*

21            *“(5) in the case of any taxable year beginning after*

22            *December 31, 1980, and before January 1, 1986, the*

23            *tax shall be equal to 1.35 percent of the amount of the*

24            *self-employment income for such taxable year; and*

25            *“(6) in the case of any taxable year beginning*

1     *after December 31, 1985, the tax shall be equal to 1.50*  
2     *percent of the self-employment income for such taxable*  
3     *year.”*

4     *(2) Section 3101(b) of such Code (relating to rate of*  
5     *tax on employees for purposes of hospital insurance) is*  
6     *amended by striking out paragraphs (2) through (5) and*  
7     *inserting in lieu thereof the following:*

8             *“(2) with respect to wages received during the*  
9             *calendar year 1973, the rate shall be 1.0 percent;*

10            *“(3) with respect to wages received during the*  
11            *calendar years 1974 through 1977, the rate shall be*  
12            *0.90 percent;*

13            *“(4) with respect to wages received during the*  
14            *calendar years 1978 through 1980, the rate shall be*  
15            *1.10 percent;*

16            *“(5) with respect to wages received during the*  
17            *calendar years 1981 through 1985, the rate shall be*  
18            *1.35 percent; and*

19            *“(6) with respect to wages received after December*  
20            *31, 1985, the rate shall be 1.50 percent.”.*

21     *(3) Section 3111(b) of such Code (relating to rate of*  
22     *tax on employers for purposes of hospital insurance) is*  
23     *amended by striking out paragraphs (2) through (5) and*  
24     *inserting in lieu thereof the following:*

25            *“(2) with respect to wages paid during the calen-*



1        *dar year 1973, the rate shall be 1.0 percent;*

2            *“(3) with respect to wages paid during the calendar*  
3        *years 1974 through 1977, the rate shall be 0.90 percent;*

4            *“(4) with respect to wages paid during the cal-*  
5        *endar years 1978 through 1980, the rate shall be 1.10*  
6        *percent;*

7            *“(5) with respect to wages paid during the calen-*  
8        *dar years 1981 through 1985, the rate shall be 1.35*  
9        *percent; and*

10           *“(6) with respect to wages paid after December 31,*  
11        *1985, the rate shall be 1.50 percent.”.*

12        *(c) The amendment made by subsection (b)(1) shall*  
13        *apply only with respect to taxable years beginning after*  
14        *December 31, 1973. The remaining amendments made by*  
15        *this section shall apply only with respect to remuneration*  
16        *paid after December 31, 1973.*

17        *ALLOCATION TO DISABILITY INSURANCE TRUST FUND*

18        *SEC. 106. (a) Section 201(b)(1) of the Social Security*  
19        *Act is amended by striking out “(E)” and all that follows*  
20        *down through “which wages” and inserting in lieu thereof*  
21        *the following: “(E) 1.1 per centum of the wages (as so de-*  
22        *finied) paid after December 31, 1972, and before January 1,*  
23        *1974, and so reported, (F) 1.15 per centum of the wages*  
24        *(as so defined) paid after December 31, 1973, and before*  
25        *January 1, 1978, and so reported, (G) 1.2 per centum of*

1 the wages (as so defined) paid after December 31, 1977,  
2 and before January 1, 1981, and so reported, (H) 1.3 per  
3 centum of the wages (as so defined) paid after December 31,  
4 1980, and before January 1, 1986, and so reported, (I) 1.4  
5 per centum of the wages (as so defined) paid after Decem-  
6 ber 31, 1985, and before January 1, 2011, and so reported,  
7 and (J) 1.7 per centum of the wages (as so defined) paid  
8 after December 31, 2010, and so reported, which wages”.

9 (b) Section 201(b)(2) of such Act is amended by  
10 striking out “(E)” and all that follows down through “which  
11 self-employment income” and inserting in lieu thereof the  
12 following: “(E) 0.795 of 1 per centum of the amount of  
13 self-employment income (as so defined) so reported for any  
14 taxable year beginning after December 31, 1972, and before  
15 January 1, 1974, (F) 0.815 of 1 per centum of the  
16 amount of self-employment income (as so defined) so reported  
17 for any taxable year beginning after December 31, 1973,  
18 and before January 1, 1978, (G) 0.850 of 1 per centum  
19 of the amount of self-employment income (as so defined)  
20 so reported for any taxable year beginning after Decem-  
21 ber 31, 1977, and before January 1, 1981, (H) 0.920  
22 of 1 per centum of the amount of self-employment income  
23 (as so defined) so reported for any taxable year begin-  
24 ning after December 31, 1980, and before January 1, 1986,  
25 (I) 0.990 of 1 per centum of the amount of self-employ-

1 *ment income (as so defined) so reported for any taxable*  
 2 *year beginning after December 31, 1985, and before Jan-*  
 3 *uary 1, 2011, and (J) 1 per centum of the amount of*  
 4 *self-employment income (as so defined) so reported for any*  
 5 *taxable year beginning after December 31, 2010, which*  
 6 *self-employment income”.*

7           *INTERNATIONAL AGREEMENTS WITH RESPECT TO*  
 8                           *SOCIAL SECURITY BENEFITS*

9           *SEC. 107. (a) Title II of the Social Security Act is*  
 10 *amended by adding at the end thereof the following new*  
 11 *section:*

12                           *“INTERNATIONAL AGREEMENTS*

13                                   *“Purpose of Agreement*

14           *“SEC. 232. (a) The President is authorized to enter*  
 15 *into agreements establishing totalization arrangements be-*  
 16 *tween the social security system established by this title and*  
 17 *the social security system of any foreign country, for the*  
 18 *purposes of establishing entitlement to and the amount of old-*  
 19 *age, survivors, disability, or derivative benefits based on a*  
 20 *combination of an individual’s periods of coverage under the*  
 21 *social security system established under this title and the*  
 22 *social security system of such foreign country.*

23                           *“Delegation of Authority to Secretary of Health,*  
 24                                   *Education, and Welfare*

25           *“(b) (1) The President is authorized to delegate any of*

1 *his functions under this section to the Secretary of Health,*  
 2 *Education, and Welfare.*

3       “(2) Pursuant to any such delegation, the Secretary of  
 4 *Health, Education, and Welfare shall consult with the*  
 5 *Secretary of the Treasury and the Secretary of State prior*  
 6 *to entering into any such agreement.*

7                               *“Definitions*

8       “(c) For the purposes of this section—

9       “(1) The term ‘social security systems’ of a foreign  
 10 *country means a social insurance or pension system which*  
 11 *is of general application in the country and under which*  
 12 *periodic benefits, or the actuarial equivalent thereof, are paid*  
 13 *on account of old age, death, or disability.*

14       “(2) The term ‘period of coverage’ means a period of  
 15 *payment of contributions or a period of earnings based on*  
 16 *wages for employment or on self-employment income, or*  
 17 *any similar period recognized as equivalent thereto under*  
 18 *this title or under the social security system of a country*  
 19 *which is a party to an agreement entered into under this*  
 20 *section.*

21 *“Crediting Periods of Coverage; Tax Exemptions; Condi-*  
 22 *tions of Payment of Benefits*

23       “(d) (1) Any agreement establishing a totalization ar-  
 24 *rangement pursuant to this section shall provide—*

1           “(A) that, in the case of an individual who has at  
2           least 6 quarters of coverage as defined in section 213 of  
3           this Act and periods of coverage under the social security  
4           system of a foreign country which is a party to such  
5           agreement, periods of coverage of such individual under  
6           such social security systems of such foreign country may,  
7           at the option of such individual or of the survivors of  
8           such individual, be combined with periods of coverage  
9           under this title and otherwise considered for the purpose  
10          of establishing entitlement to and the amount of old-age,  
11          survivors, and disability insurance benefits under this  
12          title;

13           “(B)(i) that employment or self-employment, or  
14          any service which is recognized as equivalent to employ-  
15          ment or self-employment under this title and the social  
16          security system of such foreign country which is a party  
17          to such agreement, shall, on or after the effective date of  
18          such agreement, result in a period of coverage under the  
19          system established under this title or under the system  
20          established under the laws of such foreign country, but  
21          not under both;

22           “(ii) the methods and conditions for determining  
23          under which system such employment, self-employment,  
24          or other service shall result in a period of coverage;

25           “(C) that where an individual's periods of coverage

1     *are combined, the benefit amount payable under this title*  
2     *shall be based on the proportion of such individual's pe-*  
3     *riods of coverage which were completed under this title;*  
4     *and*

5             *“(D) that an individual who is entitled to cash*  
6     *benefits under this title pursuant to such agreement shall,*  
7     *notwithstanding the provisions of section 202(t), re-*  
8     *ceive such benefits while he legally resides in the foreign*  
9     *country which is a party to such agreement.*

10            *“(2) To the extent that any such agreement provides*  
11    *that any period of coverage under this title shall not be such*  
12    *a period of coverage because it is a period of coverage under*  
13    *the laws of a foreign country which is a party to such agree-*  
14    *ment, no employment or self-employment taxes shall be im-*  
15    *posed with respect to such period of coverage under the*  
16    *laws of the United States.*

17            *“(3) Any such agreement may provide that the benefit*  
18    *paid by the United States to an individual who legally re-*  
19    *sides in the United States shall be increased to an amount*  
20    *which, when added to the benefit paid by such foreign coun-*  
21    *try, will be equal to the benefit amount which would be*  
22    *payable to an entitled individual based on the first figure*  
23    *in (or deemed to be in) column IV of the table in section*  
24    *215(a).*

25            *“(4) Section 226 shall not apply in the case of any*

1 individual to whom it would not be applicable but for this  
2 section or any agreement or regulation under this section.

3 “(5) Any such agreement may contain such other pro-  
4 visions, not inconsistent with this section, as the President  
5 deems appropriate.

6 “Regulations

7 “(e) The Secretary of Health, Education, and Welfare  
8 shall make rules and regulations and establish procedures  
9 which are reasonable and necessary to implement and ad-  
10 minister any agreement which has been entered into in  
11 accordance with this section.

12 “Reports to Congress; Effective Date of Agreements

13 “(f)(1) Any agreement to establish a totalization ar-  
14 rangement entered into pursuant to this section shall be  
15 transmitted by the President to the Congress.

16 “(2) Such an agreement shall become effective on any  
17 date provided in the agreement following 90 calendar days  
18 of continuous session of the Congress after the date on which  
19 the agreement is transmitted in accordance with paragraph  
20 (1). The continuity of a session is broken (for purposes of  
21 this paragraph) only by an adjournment of the Congress  
22 sine die. The days on which either House of the Congress is  
23 not in session because of an adjournment of more than 3  
24 days to a day certain shall be excluded in the computation of  
25 the 90-day period.”.

1       **(b)(1)** *Section 1401 of the Internal Revenue Code*  
2 *is amended by adding at the end thereof the following*  
3 *new subsection:*

4       “(c) *During any period in which there is in effect an*  
5 *agreement entered into pursuant to section 232 of the Social*  
6 *Security Act with any foreign country, the self-employment*  
7 *income of an individual shall be exempt from the taxes*  
8 *imposed by this section to the extent that such self-employ-*  
9 *ment income is subject under such agreement to taxes or*  
10 *contributions for similar purposes under the social security*  
11 *system of such foreign country.”.*

12       **(2)** *Sections 3101 and 3111 of such Code are each*  
13 *amended by adding at the end thereof the following new*  
14 *subsection:*

15       “(c) *During any period in which there is in effect an*  
16 *agreement entered into pursuant to section 232 of the Social*  
17 *Security Act with any foreign country, wages received by*  
18 *or paid to an individual shall be exempt from the taxes im-*  
19 *posed by this section to the extent that such wages are subject*  
20 *under such agreement to taxes or contributions for similar*  
21 *purposes under the social security system of such foreign*  
22 *country.”.*

23       **(3)** *Notwithstanding any other provision of law, taxes*  
24 *paid by any individual to any foreign country with respect*  
25 *to any period of employment or self-employment which is*



1 covered under the social security system of such foreign  
2 country in accordance with the terms of an agreement en-  
3 tered into pursuant to section 232 of the Social Security Act,  
4 shall not, under the laws of the United States, be deductible  
5 by, or creditable against the income tax of, any such  
6 individual.

7 *TREATMENT OF CERTAIN FARM INCOME*

8 *SEC. 108. (a) Section 211(a) of the Social Security Act*  
9 *is amended by adding at the end thereof the following new*  
10 *paragraph:*

11 *“An agreement between an owner or tenant of land and*  
12 *another person under which such other person is to manage*  
13 *and supervise the production of agricultural or horticultural*  
14 *commodities on such land shall not be considered to be an ar-*  
15 *rangement (described in paragraph (1)(A) of the first sen-*  
16 *tence of this subsection) which provides for material par-*  
17 *ticipation by the owner or tenant in production or manage-*  
18 *ment, if under such agreement it is the responsibility and*  
19 *duty of such other person, as the agent of such owner or*  
20 *tenant, to manage and supervise such production (including*  
21 *the selection of the tenants or other personnel whose serv-*  
22 *ices will be utilized in such production) without personal*  
23 *participation therein by such owner or tenant, and if, in*  
24 *fact, there is no personal participation by such owner or*  
25 *tenant in such production or management.”.*

26 *(b) Section 1402(a) of the Internal Revenue Code of*

1 1954 (relating to definition of net earnings from self-employ-  
2 ment) is amended by adding at the end thereof the following  
3 new paragraph:

4 "An agreement between an owner or tenant of land and  
5 another person under which such other person is to manage  
6 and supervise the production of agricultural or horticultural  
7 commodities on such land shall not be considered to be an ar-  
8 rangement (described in paragraph (1)(A) of the first sen-  
9 tence of this subsection) which provides for material par-  
10 ticipation by the owner or tenant in production or manage-  
11 ment, if under such arrangement it is the responsibility and  
12 duty of such other person, as the agent of such owner or  
13 tenant, to manage and supervise such production (including  
14 the selection of the tenants or other personnel whose serv-  
15 ices will be utilized in such production) without personal  
16 participation therein by such owner or tenant, and if, in  
17 fact, there is no personal participation by such owner or  
18 tenant in such production or management."

19 (c) The amendments made by this section shall apply  
20 with respect to taxable years beginning after December 31,  
21 1973.

22 STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING  
23 BENEFITS UNDER THE SOCIAL SECURITY ACT TO PRE-  
24 VAILING COST OF LIVING IN VARIOUS AREAS

25 SEC. 109. (a) The Secretary of Health, Education, and  
26 Welfare (hereinafter in this section referred to as the "Sec-

1   retary") shall conduct a study of the various programs  
2   established by and pursuant to the Social Security Act with  
3   a view to determining the feasibility of relating the various  
4   dollar amounts set forth therein (whether in the form of  
5   benefits, deductibles, conditions of eligibility for benefits, or  
6   otherwise) to the prevailing cost of living in the various  
7   States (and localities within States) in which such programs  
8   are operative.

9       (b) In carrying out such study, the Secretary shall—

10           (1) develop a comprehensive cost-of-living index  
11           which reflects the average cost of living for each State as  
12           a whole (and not just the urban or other areas therein);

13           (2) include an evaluation of the effects which would  
14           be produced among the various States, including the ad-  
15           vantages to recipients, if the benefits (and other dollar  
16           amount related criteria) in the Social Security Act were  
17           adjusted in accordance with differences in the average  
18           cost of living in the various States;

19           (3) give consideration to the feasibility of applying  
20           such a cost-of-living adjustment only in those States  
21           where the cost of living is significantly higher than the  
22           cost of living in the Nation as a whole; and

23           (4) analyze existing sources, within the Federal  
24           Government, from which data relating to the cost of  
25           living is available, with a view to determining the need for

1 improved sources of such data, within the Federal Gov-  
2 ernment, under which such data would be made available  
3 on a regular basis and in a more analytical, comprehen-  
4 sive, and suitable form.

5 (c) The Secretary shall complete such study and shall  
6 submit to the Congress a full and complete report thereon,  
7 together with the recommendations of the Secretary with re-  
8 spect to the matters included in the study, not later than  
9 January 1, 1975.

10 (d) There are hereby authorized to be appropriated such  
11 sums as may be necessary to carry out the provisions of this  
12 section.

13 **TERMINATION OF COVERAGE OF CERTAIN POLICEMEN IN**  
14 **LOUISIANA**

15 **SEC. 110.** Notwithstanding any provision of section 218  
16 of the Social Security Act, the agreement with the State  
17 of Louisiana entered into pursuant to such section may, at  
18 the option of such State, be modified, at any time during the  
19 calendar year commencing January 1, 1974, so as to exclude  
20 services performed within such State by individuals who are in  
21 positions of policemen and who are eligible for membership in  
22 the Municipal Police Employees Retirement System of Louisi-  
23 ana. Any modification of such agreement pursuant to this  
24 section shall be effective with respect to services performed  
25 after an effective date specified by the State in such modifi-

1 cation, except that such date shall not be earlier than January  
2 1, 1974.

3           TERMINATION OF COVERAGE FOR POLICEMEN OR  
4                                   FIREMEN IN CALIFORNIA

5           SEC. 111. (a) Notwithstanding any provision of sec-  
6 tion 218 of the Social Security Act, upon giving at least two  
7 years' advance notice in writing to the Secretary of Health,  
8 Education, and Welfare (hereafter in this section referred  
9 to as the "Secretary"), the State of California may ter-  
10 minate, effective at the end of the calendar quarter specified  
11 in the notice, its agreement (entered into under such section)  
12 with the Secretary with respect to services of—

13           (1) all employees included under the agreement as  
14 a single coverage group within the meaning of section  
15 218(d)(4) of such Act which is composed entirely of  
16 positions of policemen or firemen or both;

17           (2) all employees in positions of policemen or fire-  
18 men or both which are included under such agreement as  
19 a part of a coverage group within the meaning of section  
20 218(d)(4) of such Act; or

21           (3) all employees in positions of policemen or fire-  
22 men or both which were included under such agreement  
23 as part of a coverage group as defined in section 218  
24 (b)(5) of such Act and which were covered by a retire-

1        *ment system after the date coverage was extended to such*  
2        *group,*

3        *but only if such agreement has been in effect with respect to*  
4        *employees in such positions for not less than five years prior*  
5        *to the receipt of such notice.*

6        *(b) If the agreement entered into (under section 218 of*  
7        *the Social Security Act) between the State of California and*  
8        *the Secretary is terminated pursuant to this section with re-*  
9        *spect to services of employees in positions of policemen or fire-*  
10       *men as described in subsection (a), the Secretary and such*  
11       *State may not thereafter modify such agreement so as to*  
12       *again make such agreement applicable to services performed*  
13       *by employees in such positions.*

14       *(c) Notwithstanding any provision of section 218 of the*  
15       *Social Security Act, the agreement with the State of Cali-*  
16       *fornia under such section may, if the State so desires, be modi-*  
17       *fied at any time prior to July 1, 1976, so as to again make*  
18       *the agreement applicable to services performed by employees,*  
19       *other than employees in policemen's or firemen's positions, in*  
20       *a coverage group with respect to which the agreement was*  
21       *terminated by the State prior to the enactment of this Act if*  
22       *the Governor of the State, or an official designated by him,*  
23       *certifies that the following conditions have been met:*

24                *(1) the majority of such employees have indicated*  
25                *a desire to have their coverage reinstated, and*

1           (2) the termination of the agreement with respect to  
2           the coverage group was for the purpose of terminating  
3           coverage for those employees in policemen's or firemen's  
4           positions, or both.

5           Notwithstanding the provisions of section 218(f)(1) of such  
6           Act, any such modification shall be effective as of the date  
7           coverage was previously terminated for those members of the  
8           coverage group who meet the conditions prescribed in section  
9           218(f)(2) of such Act.

#### 10                                   PART B—TAX CREDIT

##### 11           TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

##### 12           SEC. 112. (a) IN GENERAL.

13           (1) Subpart A of part IV of subchapter A of chapter 1  
14           of the Internal Revenue Code of 1954 (relating to credits  
15           against tax) is amended by redesignating section 42 as 43,  
16           and by inserting after section 41 the following new section:

17           “SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH  
18                                   FAMILIES.

19           “(a) IN GENERAL.—

20           “(1) ALLOWANCE OF CREDIT.—There shall be al-  
21           lowed to a taxpayer who is an eligible individual as a  
22           credit against the tax imposed by this chapter for the  
23           taxable year an amount equal to the applicable percent-  
24           age (as determined under paragraph (2)) of the social  
25           security taxes imposed on him and his employer with

1     *respect to wages received by the taxpayer during that*  
 2     *year. In the case of a taxpayer who is married (as deter-*  
 3     *mined under section 143) and who files a joint return*  
 4     *of tax with his spouse under section 6013 for the taxable*  
 5     *year, the amount of the credit allowable by this subsec-*  
 6     *tion shall be an amount equal to the applicable percentage*  
 7     *(as determined under paragraph (2)) of the social*  
 8     *security taxes imposed on him and his spouse, and their*  
 9     *employers, with respect to wages received by the tax-*  
 10    *payer and his spouse during that year.*

11         “(2) *APPLICABLE PERCENTAGE.*—*The percentage*  
 12         *under paragraph (1) applicable to the social security*  
 13         *taxes is—*

14                 “(A) 86 percent for calendar years 1974  
 15                 *through 1977,*

16                 “(B) 83 percent for calendar years 1978  
 17                 *through 1980,*

18                 “(C) 80 percent for calendar years 1981  
 19                 *through 1985,*

20                 “(D) 78 percent for calendar years 1986  
 21                 *through 2010, and*

22                 “(E) 68 percent for calendar years begin-  
 23                 *ning after December 31, 2010.*

24         “(b) *LIMITATIONS.*—

25                 “(1) *MAXIMUM CREDIT.*—*The amount of the credit*



1        *allowable to a taxpayer (or to a taxpayer and his spouse*  
2        *in the case of a joint return of tax under section 6013)*  
3        *for any taxable year under subsection (a) shall not exceed*  
4        *an amount equal to 10 percent of so much of the wages*  
5        *(as defined in section 3121(a)) as does not exceed \$4,000*  
6        *received by that individual (or by that individual and*  
7        *his spouse in the case of a joint return of tax) during*  
8        *that year with respect to employment (as defined in sec-*  
9        *tion 3121(b) without regard to the exclusion set forth*  
10       *in paragraph (9) of that section).*

11            *“(2) REDUCTION FOR ADDITIONAL INCOME.—The*  
12        *amount of the credit allowable under subsection (a) for*  
13        *any taxable year (after the application of paragraph*  
14        *(1)) shall be reduced by one-fourth of the amount by*  
15        *which a taxpayer’s income, or, if he is married (as*  
16        *determined under section 143), the total of his in-*  
17        *come and his spouse’s income, for the taxable year ex-*  
18        *ceeds \$4,000. For purposes of this paragraph, the term*  
19        *‘income’ means adjusted gross income (as defined in sec-*  
20        *tion 62 but without regard to paragraph (3) (relating to*  
21        *long-term capital gains)) plus—*

22            *“(A) any amount described in section 71(b)*  
23        *(relating to payments to support minor children),*  
24        *71(c) (relating to alimony and separate mainte-*  
25        *nance payments paid as a principal sum paid in*

1 installments), or 74(b) (relating to certain prizes  
2 and awards),

3 “(B) any amount excluded from income under  
4 section 101 (relating to certain death benefits), 102  
5 (relating to gifts and inheritances), 103 (relat-  
6 ing to interest on certain governmental obligations),  
7 105(d) (relating to amounts received under wage  
8 continuation accident and health plans), 107  
9 (relating to rental value of parsonages), 112  
10 (relating to certain combat pay of members of the  
11 Armed Forces), 113 (relating to mustering-out  
12 payments for members of the Armed Forces), 116  
13 (relating to partial exclusion of dividends received  
14 by individuals), 117 (relating to scholarships and  
15 fellowship grants), 119 (relating to meals or lodg-  
16 ing furnished for the convenience of the employer),  
17 121 (relating to gain from sale or exchange of res-  
18 idence by individual who has attained age 65),  
19 911 (relating to earned income from sources without  
20 the United States), or 931 (relating to income from  
21 sources within possessions of the United States),

22 “(C) any amount received as a payment from  
23 a public agency based upon need, age, blindness, or  
24 disability, or as a payment from a public agency  
25 for the general support of the taxpayer and his fam-

1           ily (as determined by the Secretary or his delegate),  
2           other than any payment for the purchase of pros-  
3           thetic devices or medical services, and

4           “(D) any amount received as an annuity, pen-  
5           sion, retirement, or disability benefit (including vet-  
6           erans’ compensation and pensions, workmen’s com-  
7           pensation payments, monthly insurance payments  
8           under title II of the Social Security Act, railroad  
9           retirement annuities and pensions, and benefits under  
10          any Federal or State unemployment compensation  
11          law).

12          “(3) APPLICATION WITH SECTION 6428.—The  
13          amount allowable to a taxpayer, or to a taxpayer and his  
14          spouse, as a credit under subsection (a) for any taxable  
15          year (after the application of paragraphs (1) and (2))  
16          shall be reduced by the sum of any amounts received  
17          under section 6428 during that year.

18          “(c) DEFINITIONS.—For purposes of this section—

19               “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
20               individual’ means an individual who maintains a house-  
21               hold (within the meaning of section 214(b)(3)) in the  
22               United States which is the principal place of abode of  
23               the individual and a child of that individual with respect  
24               to whom he is entitled to a deduction under section 151

1       (e)(1)(B) (relating to additional exemption for de-  
2       pendents).

3           “(2) SOCIAL SECURITY TAXES.—The term ‘social  
4       security taxes’ means the aggregate amount of taxes  
5       imposed by sections 3101 (relating to rate of tax on em-  
6       ployees under the Federal Insurance Contributions Act)  
7       and 3111 (relating to rate of tax on employers under  
8       such Act) with respect to the wages (as defined in section  
9       3121(a)) received by an individual and his spouse with  
10      respect to employment (as defined in section 3121(b)),  
11      or which would be imposed with respect to such wages by  
12      such sections if the definition of the term ‘employment’  
13      (as defined in section 3121(b)) did not contain the  
14      exclusion set forth in paragraph (9) of such section.”.

15      (2) The table of sections for such subpart is amended  
16      by striking out the last item and inserting in lieu thereof  
17      the following:

          “Sec. 42. Tax credit for low income workers with families.

          “Sec. 43. Overpayments of tax.”.

18      (3) Section 6401(b) of the Internal Revenue Code of  
19      1954 (relating to excessive credits) is amended by—

20           (A) inserting after “lubricating oil)” the following:

21           “, 42 (relating to tax credit for low-income workers with  
22           families),”; and

1 (B) striking out "sections 31 and 39" and inserting  
2 in lieu thereof "sections 31, 39, and 42".

3 (4) Section 6201(a)(4) of such Code (relating to  
4 assessment authority) is amended by—

5 (A) inserting "OR 42" after "SECTION 39" in the  
6 caption of such section; and

7 (B) striking out "oil)," and inserting in lieu thereof  
8 "oil) or section 42 (relating to tax credit for low income  
9 workers with families),".

10 (b) ADVANCE REFUND OF CREDIT.—

11 (1) Subchapter B of chapter 65 of the Internal Revenue  
12 Code of 1954 (relating to rules of special application) is  
13 amended by adding at the end thereof the following new  
14 section:

15 "SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.

16 "(a) IN GENERAL.—A taxpayer may receive an ad-  
17 vance refund of the credit allowable to him under section 42  
18 (relating to tax credit for low-income workers with families)  
19 not more frequently than quarterly by filing an election for  
20 such refund with the Secretary or his delegate at such time  
21 and in such form as the Secretary or his delegate may pre-  
22 scribe. If the taxpayer elects to base his claim for refund on  
23 social security taxes imposed on him, his spouse, and their  
24 employers, the election shall be a joint election signed by the  
25 taxpayer and his spouse. An election may not be made under

1 *this subsection with respect to the last quarter of the calendar*  
2 *year, and any other election shall specify the quarter or quar-*  
3 *ters to which it relates and shall be made not later than the*  
4 *fifteenth day of the eleventh month of the taxable year to*  
5 *which it relates. The Secretary or his delegate shall pay any*  
6 *advance refund for which a proper election is made without*  
7 *regard to any liability, or potential liability, for tax under*  
8 *chapter 1 which has accrued, or may be expected to accrue,*  
9 *to the taxpayer for the taxable year to which the election*  
10 *relates.*

11 *“(b) LIMITATIONS.—*

12 *“(1) AMOUNT OF REFUND.—The amount of any*  
13 *refund for which a taxpayer files an election under sub-*  
14 *section (a) shall be an amount equal to the amount of*  
15 *the credit allowable under section 42 with respect to*  
16 *social security taxes payable with respect to that taxpayer*  
17 *(or, in the case of a joint election, social security taxes*  
18 *payable with respect to that taxpayer and his spouse) for*  
19 *the quarter or quarters to which the election relates.*

20 *“(2) INELIGIBLE FOR CREDIT.—No advance re-*  
21 *fund may be made under this section for any quarter*  
22 *to a taxpayer who, on the basis of the income the tax-*  
23 *payer and his spouse reasonably may expect to receive*  
24 *during the taxable year, will not be entitled to claim any*  
25 *amount as a credit under section 42 for that year.*

1           “(3) *MINIMUM PAYMENT.*—No payment may be  
2           made under this section in an amount less than \$30.

3           “(c) *COLLECTION OF EXCESS PAYMENTS.*—In addi-  
4           tion to any other method of collection available to him, if  
5           the Secretary or his delegate determines that any part of  
6           any amount paid to a taxpayer for any quarter under this  
7           section was in excess of the amount to which that taxpayer  
8           was entitled for that quarter, the Secretary or his delegate  
9           shall notify that taxpayer of the excess payment and may  
10          withhold, from any amounts which that taxpayer elects to  
11          receive under this section in any subsequent quarter, amounts  
12          totaling not more than the amount of that excess.”.

13          (2) The table of sections for such subchapter is amended  
14          by adding at the end thereof the following new item:

                  “Sec. 6428. *Advance refund of section 42 credit.*”.

15          (c) Section 6011(d) (relating to interest equalization  
16          returns, etc.) is amended by adding at the end thereof the  
17          following new paragraph:

18               “(4) *RETURNS OF TAXPAYERS RECEIVING AD-*  
19               *VANCE REFUND OF SECTION 42 CREDIT.*—Every tax-  
20               payer who elects to receive an advance refund of the  
21               credit allowed by section 42 (relating to tax credit for  
22               low-income workers with families) during the taxable  
23               year shall file a return for that year, together with such

1     *additional information as the Secretary or his delegate*  
2     *may require.”.*

3     *(d) DEVELOPMENT OF APPLICATION FORMS; COOP-*  
4     *ERATION OF OTHER GOVERNMENT AGENCIES.—*

5             *(1) The Secretary of the Treasury shall develop*  
6     *simple and expedient application forms and procedures*  
7     *for use by taxpayers who wish to receive an advance*  
8     *refund under section 6428 of the Internal Revenue Code*  
9     *of 1954 (relating to advance refund of section 42*  
10    *credit), arrange for distributing such forms and making*  
11    *them easily available to taxpayers, and prescribe such*  
12    *regulations as may be necessary to carry out the provi-*  
13    *sions of sections 42 and 6428 of such Code. Each such*  
14    *application form shall contain a warning that the making*  
15    *of a false or fraudulent statement thereon is a Federal*  
16    *crime.*

17             *(2) The Secretary of the Treasury is authorized to*  
18    *obtain from any agency or department of the United*  
19    *States Government or of any State or political subdivi-*  
20    *sion thereof such information with respect to any tax-*  
21    *payer applying for or receiving benefits under section*  
22    *6428 of the Internal Revenue Code of 1954 (relating to*  
23    *advance refund of section 42 credit), or his spouse, as*  
24    *may be necessary for the proper administration of sec-*



1      tion 42 of the Internal Revenue Code of 1954 (relating  
 2      to tax credit for low-income workers with families) and  
 3      of section 6428 of such Code (relating to advance refund  
 4      of section 42 credit). Notwithstanding any other provi-  
 5      sion of law, each agency and department of the United  
 6      States Government is authorized and directed to furnish  
 7      to the Secretary such information upon request.

8      (e) *AMENDMENT OF SOCIAL SECURITY ACT.*—Section  
 9      402(a)(7) of the Social Security Act is amended by insert-  
 10     ing after “other income” the following: “(including any  
 11     amounts derived from application of the tax credit established  
 12     by section 42 of the Internal Revenue Code of 1954)”.

13     (f) *EFFECTIVE DATE.*—The amendments made by this  
 14     section shall apply with respect to taxable years beginning  
 15     after December 31, 1973, but no advance refund payment  
 16     under section 6428 of the Internal Revenue Code of 1954  
 17     shall be made before July 1, 1974.

18     PART C—AMENDMENTS RELATED TO SUPPLEMENTAL  
 19   SECURITY INCOME PROGRAM

20   INCREASE IN SUPPLEMENTAL SECURITY INCOME

21   BENEFITS

22     SEC. 121. (a)(1) Section 210(c) of Public Law 93-66  
 23     is amended by striking out “June 1974” and inserting in  
 24     lieu thereof “December 1973”.

25     (2) Section 211(a)(1)(A) of Public Law 93-66 is

1 amended by striking out “(\$780 in the case of any period  
2 prior to July 1974)”.

3 (b) Effective with respect to payments for months after  
4 June 1974—

5 (1) section 1611(a)(1)(A) and section 1611(b)  
6 (1) of the Social Security Act (as enacted by section  
7 301 of the Social Security Amendments of 1972 and  
8 amended by section 210 of Public Law 93-66) are each  
9 amended by striking out “\$1,680” and inserting in lieu  
10 thereof “\$1,752”;

11 (2) section 1611(a)(2)(A) and section 1611(b)  
12 (2) of such Act (as so enacted and amended) are each  
13 amended by striking out “\$2,520” and inserting in lieu  
14 thereof “\$2,628”; and

15 (3) section 211(a)(1)(A) of Public Law 93-66  
16 (as amended by subsection (a)(2) of this section)  
17 is amended by striking out “\$840” and inserting in lieu  
18 thereof “\$876”.

19 *ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME*

20 *RECIPIENTS FOR FOOD STAMPS*

21 *SEC. 122. (a)(1) Section 3(e) of the Food Stamp Act*  
22 *of 1964 is amended to read as it did before amendment by*  
23 *Public Law 92-603 and Public Law 93-86, but with the*  
24 *addition of the following new sentence at the end thereof:*  
25 *“No individual, who receives supplemental security income*

1 *benefits under title XVI of the Social Security Act, State*  
2 *supplementary payments described in section 1616 of such*  
3 *Act, or payments of the type referred to in section 212(a) of*  
4 *Public Law 93-66, shall be considered to be a member of*  
5 *a household or an elderly person for purposes of this Act for*  
6 *any month during the 18-month period beginning January*  
7 *1, 1974, if, for such month, such individual resides in a State*  
8 *which provides State supplementary payments (A) of the*  
9 *type described in section 1616(a) of the Social Security*  
10 *Act, and (B) the level of which has been found by the Sec-*  
11 *retary of Health, Education, and Welfare to have been*  
12 *specifically increased so as to include the bonus value of food*  
13 *stamps.’’.*

14 (2) *Section 3(b) of Public Law 93-86 is hereby re-*  
15 *pealed.*

16 (b)(1) *Section 4(c) of Public Law 93-86 is hereby*  
17 *repealed.*

18 (2) *The last sentence of section 416 of the Act of Oc-*  
19 *tober 31, 1949 (as added by section 411(g) of Public Law*  
20 *92-603) is hereby repealed.*

21 (3) *No individual, who receives supplemental security*  
22 *income benefits under title XVI of the Social Security Act,*  
23 *State supplementary payments described in section 1616 of*  
24 *such Act, or payments of the type referred to in section 212*  
25 *(a) of Public Law 93-66, shall be considered to be a member*

1 of a household for any purpose of the food distribution pro-  
2 gram for families under section 32 of Public Law 74-320,  
3 section 416 of the Agricultural Act of 1949, or any other  
4 law, for any month during the 18-month period beginning  
5 January 1, 1974, if, for such month, such individual resides  
6 in a State which provides State supplementary payments (A)  
7 of the type described in section 1616(a) of the Social Security  
8 Act, and (B) the level of which has been found by the  
9 Secretary of Health, Education, and Welfare to have been  
10 specifically increased so as to include the bonus value of food  
11 stamps.

12 (c) For purposes of the last sentence of section 3(e)  
13 of the Food Stamp Act of 1964 (as amended by subsection  
14 (a) of this section) and subsections (b)(3) and (f) of this  
15 section, the level of State supplementary payment under  
16 section 1616(a) shall be found by the Secretary to have been  
17 specifically increased so as to include the bonus value of food  
18 stamps (1) only if, prior to October 1, 1973, the State has  
19 entered into an agreement with the Secretary or taken other  
20 positive steps which demonstrate its intention to provide sup-  
21plementary payments under section 1616(a) at a level which  
22 is at least equal to the maximum level which can be deter-  
23 mined under section 401(b)(1) of the Social Security  
24 Amendments of 1972 and which is such that the limitation  
25 on State fiscal liability under section 401 does result in

1 a reduction in the amount which would otherwise be payable  
 2 to the Secretary by the State, and (2) only with respect to  
 3 such months as the State may, at its option, elect.

4 (d) Section 401(b)(1) of the Social Security Amend-  
 5 ments of 1972 is amended by striking out everything after  
 6 the word "exceed" and inserting in lieu thereof: "a payment  
 7 level modification (as defined in paragraph (2) of this sub-  
 8 section) with respect to such plans."

9 (c) Section 401(b)(3) of the Social Security Amend-  
 10 ments of 1972 is repealed.

11 (f) The amendments and repeals made by subsections  
 12 (d) and (e) shall be effective January 1, 1974, except that  
 13 such amendments and repeals shall not during the 18-month  
 14 period beginning January 1, 1974, be effective in any State  
 15 which provides supplementary payments of the type described  
 16 in section 1616(a) of the Social Security Act the level of  
 17 which has been found by the Secretary to have been specifi-  
 18 cally increased so as to include the bonus value of food  
 19 stamps.

20 INDIVIDUALS DEEMED TO BE DISABLED UNDER THE  
 21 SUPPLEMENTAL SECURITY INCOME PROGRAM

22 SEC. 123. Section 1614(a)(3) of the Social Security  
 23 Act is amended—

24 (1) by striking out the last sentence of subpara-  
 25 graph (A); and

1           (2) by inserting at the end thereof the following  
2           new subparagraph:

3           “(E) Notwithstanding the provisions of subpara-  
4           graphs (A) through (D), an individual shall also be  
5           considered to be disabled for purposes of this title if he  
6           is permanently and totally disabled as defined under a  
7           State plan approved under title XIV or XVI as in effect  
8           for October 1972 and received aid under such plan (on  
9           the basis of disability) for December 1973 (and for at  
10          least one month prior to July 1973), so long as he is  
11          continuously disabled as so defined.”.

12   SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING  
13    IN AID TO FAMILIES WITH DEPENDENT CHILDREN  
14    HOUSEHOLD

15          SEC. 124. (a) Section 212(a)(3)(A) of Public Law  
16    93-66 is amended by striking out “subparagraph (D)” and  
17    inserting in lieu thereof “subparagraphs (D) and (E)”.

18          (b) Section 212(a)(3) of Public Law 93-66 is  
19    amended by adding at the end thereof the following new sub-  
20    paragraph:

21          “(E)(i) In the case of an individual who, for Decem-  
22    ber 1973 lived as a member of a family unit other members of  
23    which received aid (in the form of money payments) under a  
24    State plan of a State approved under part A of title IV  
25    of the Social Security Act, such State at its option, may (sub-  
26    ject to clause (ii)) reduce such individual's December 1973

1 *income (as determined under subparagraph (B)) to such*  
2 *extent as may be necessary to cause the supplementary pay-*  
3 *ment (referred to in paragraph (2)) payable to such in-*  
4 *dividual for January 1974 or any month thereafter to be*  
5 *reduced to a level designed to assure that the total income of*  
6 *such individual (and of the members of such family unit)*  
7 *for any month after December 1973 does not exceed the total*  
8 *income of such individual (and of the members of such*  
9 *family unit) for December 1973.*

10       “(ii) *The amount of the reduction (under clause (i))*  
11 *of any individual's December 1973 income shall not be in*  
12 *an amount which would cause the supplementary payment*  
13 *(referred to in paragraph (2)) payable to such individual*  
14 *to be reduced below the amount of such supplementary pay-*  
15 *ment which would be payable to such individual if he had, for*  
16 *the month of December 1973 not lived in a family unit re-*  
17 *ferred to in clause (i), and had had no income for such month*  
18 *other than that received as aid or assistance under a State*  
19 *plan approved under title I, X, XIV, or XVI of the Social*  
20 *Security Act.”*

21 *DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING*  
22 *AMOUNT OF SUPPLEMENTAL SECURITY INCOME BEN-*  
23 *EFITS*

24 *SEC. 125. Section 1612(b)(2) of the Social Security*  
25 *Act (as enacted by section 301 of the Social Security Amend-*  
26 *ments of 1972) is amended—*

1           (1) by inserting “(A)” immediately after “(2)”,  
2           and

3           (2) by adding at the end thereof the following new  
4           subparagraph:

5           “(B) monthly (or other periodic) payments re-  
6           ceived by an individual (or his eligible spouse) under a  
7           program established prior to July 1, 1973, if such  
8           payments are made by the State of which the individual  
9           receiving such payments is a resident, and if eligibility of  
10          any individual for such payments is not based on need  
11          and is based solely on attainment of age 65 and duration  
12          of residence in excess of 24 years in such State by such  
13          individual;”.

14   CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

15          SEC. 126. (a) If any State (other than the Common-  
16          wealth of Puerto Rico, the Virgin Islands, or Guam) has  
17          any experimental, pilot, or demonstration project (referred  
18          to in section 1115 of the Social Security Act)—

19               (1) which (prior to October 1, 1973) has been  
20               approved by the Secretary of Health, Education, and  
21               Welfare (hereinafter in this section referred to as the  
22               “Secretary”), for a period which ends on or after De-  
23               cember 31, 1973, as being a project with respect to which  
24               the authority conferred upon him by subsection (a) or  
25               (b) of such section 1115 will be exercised, and



1           (2) with respect to the costs of which Federal finan-  
2           cial participation would (except for the provisions of  
3           this section) be denied or reduced on account of the en-  
4           actment of section 301 of the Social Security Amend-  
5           ments of 1972,

6           then, for any period (after December 31, 1973) with re-  
7           spect to which such project is approved by the Secretary,  
8           Federal financial participation in the costs of such project  
9           shall be continued in like manner as if—

10           (3) such section 301 had not been enacted, and

11           (4) such State (for the month of January 1974  
12           and any month thereafter) continued to have in effect the  
13           State plan (approved under title XVI) which was in  
14           effect for the month of October 1973, or the State plans  
15           (approved under titles I, X, and XIV of the Social  
16           Security Act) which were in effect for such month, as the  
17           case may be.

18           (b) With respect to individuals—

19           (1) who are participants in any project to which  
20           the provisions of subsection (a) are applicable, and

21           (2) with respect to whom supplemental security in-  
22           come benefits are (or would, except for their participa-  
23           tion in such project, be) payable under title XVI of the  
24           Social Security Act, or who meet the requirements for

1       *aid or assistance under a State plan approved under*  
2       *title I, X, XIV, or XVI of the Social Security Act of*  
3       *the State in which such project is conducted (as such*  
4       *State plan was in effect for July 1973),*  
5       *the Secretary may waive such requirements of title XVI of*  
6       *such Act (as enacted by section 301 of the Social Security*  
7       *Amendments of 1972) to such extent as he determines to be*  
8       *necessary to the successful operation of such project.*

9       *(c) In the case of any State which has entered into*  
10      *an agreement with the Secretary under section 1616 of the*  
11      *Social Security Act (or which is deemed, under section 212*  
12      *(d) of Public Law 93-66, to have entered into such an*  
13      *agreement), then, of the costs of any project of such State*  
14      *with respect to which there is (solely by reason of the provi-*  
15      *sions of subsection (a)) Federal financial participation, the*  
16      *non-Federal share thereof shall--*

17           *(1) be paid, from time to time, to such State by*  
18           *the Secretary, and*

19           *(2) shall, for purposes of section 1616(d) of the*  
20           *Social Security Act and section 401 of the Social Secu-*  
21           *rity Amendments of 1972, be treated in like manner as if*  
22           *such non-Federal share were supplementary payments*  
23           *made by the Secretary on behalf of such State pursuant*  
24           *to such agreement.*

1 *AUTHORITY FOR SURVIVING SPOUSE OF DECEASED SSI*  
2 *BENEFICIARY TO CASH JOINT CHECK*

3 *SEC. 127. Section 1631(d)(1) of the Social Security*  
4 *Act is amended by striking out "and (f)" and inserting in*  
5 *lieu thereof "(f), and (n)".*

6 *PART D—SOCIAL SERVICES AMENDMENTS*  
7 *AMENDMENTS TO PROVISION LIMITING FEDERAL FUNDS*  
8 *FOR SOCIAL SERVICES*

9 *SEC. 131. (a) Section 1130 of the Social Security Act*  
10 *is amended by redesignating subsection (c) as subsection*  
11 *(f), and by inserting after subsection (b) the following new*  
12 *subsections:*

13 *"(c) Nothing in subsection (a) or (b) of this section or*  
14 *in title I, IV, VI, X, XIV, or XVI shall be construed to*  
15 *restrict the freedom of a State (with respect to social services*  
16 *the cost of which is shared by the Federal Government under*  
17 *any such title and to which subsections (a) and (b) are ap-*  
18 *plicable) to determine what services it will make available*  
19 *under its State plan approved under such title, the persons*  
20 *eligible for such services, the manner in which such services*  
21 *are provided, and any limitations or conditions on the receipt*  
22 *of such services, to the extent that such services are social serv-*  
23 *ices (as determined by the State) and the Federal share of*  
24 *their aggregate cost does not exceed the allocation to the State*  
25 *(for the fiscal year involved) under this section (or section*

1 132 of the Social Security Amendments of 1973); except that  
2 nothing in this subsection shall be construed to relieve any  
3 State which has a State plan approved under part A of title  
4 IV from complying with the requirements imposed by section  
5 402(a) with respect to the provision of social services to re-  
6 cipients of aid under such plan.

7 “(d) For purposes of subsection (c) and for purposes  
8 of part A of title IV, VI, X, XIV, and XVI, the services  
9 referred to in subsection (c) as ‘social services’—

10 “(1) shall be such services as each State determines  
11 to be appropriate for meeting any of the following  
12 specific goals:

13 “(A) Self-support goal: To achieve and main-  
14 tain the maximum feasible level of employment and  
15 economic self-sufficiency;

16 “(B) Family-care or self-care goal: To  
17 strengthen family life and to achieve and maintain  
18 maximum personal independence, self-determination,  
19 and security in the home, including, for children,  
20 the achievement of maximum potential for eventual  
21 independent living, and to prevent or remedy neglect,  
22 abuse, or exploitation of children;

23 “(C) Community-based care goal: To secure  
24 and maintain community-based care which approxi-

1           *mates a home environment, when living at home is*  
2           *not feasible and institutional care is inappropriate;*  
3           *or*

4           “(D) *Institutional care goal: To secure appro-*  
5           *priate institutional care when other forms of care are*  
6           *not feasible; and*

7           “(2) *include the following services:*

8           “(A) *child care services for children, to meet*  
9           *the needs of a child for personal care, protection, and*  
10          *supervision, but only in the case of a child where the*  
11          *provision of such service is needed (i) in order to*  
12          *enable a member of such child's family to accept or*  
13          *continue in employment, or to participate in educa-*  
14          *tion or training to prepare such member for em-*  
15          *ployment, or (ii) because of the death, continued*  
16          *absence from the home, incapacity or inability of*  
17          *the child's mother, or the inability of any member of*  
18          *such child's family to provide adequate care and*  
19          *supervision for such child;*

20          “(B) *child care services for children with spe-*  
21          *cial needs, including services provided when appro-*  
22          *priate, as determined by the State, for eligible chil-*  
23          *dren who are mentally retarded or otherwise have*  
24          *special social or developmental needs;*

25          “(C) *services for children in foster care, in-*

1           cluding services provided to a child who is under or  
2           awaiting foster care and including preventive diag-  
3           nostic and curative health services not furnished un-  
4           der the State's title XIX plan, provided to or on be-  
5           half of a child who is or has within ninety days  
6           been receiving maintenance, care, and supervision  
7           in the form of foster care in a foster family home or  
8           child care institution (as those terms are defined in  
9           the last paragraph of section 408) or who is await-  
10          ing placement in such a home or institution, or pro-  
11          vided to a child in or by a nonresidential diagnostic  
12          or treatment facility. Such services shall be available  
13          whether they are rendered directly by the providers  
14          of foster care or by the nonresidential facility, or are  
15          otherwise provided or obtained for the child by the  
16          State when such services are needed in order for the  
17          child to return to or remain in his own home, the  
18          home of another relative, or an adoptive home, or  
19          to continue in foster care as appropriate. Such serv-  
20          ices also include services related to the relinquish-  
21          ment of children for adoption and the placement of  
22          children in adoptive homes, and activities to develop  
23          and recruit, study, approve, and subsequently eval-  
24          uate out of home care resources for foster care;

25               “(D) protective services for children, including

1        *multidisciplinary (medical, legal, social, and other)*  
2        *services for the following purposes: identification,*  
3        *investigation, and response to incidents or evidence*  
4        *of neglect, abuse, or exploitation of a child; helping*  
5        *parents and others to recognize the causes thereof*  
6        *and strengthening the ability of families to provide*  
7        *acceptable care; or, if that is not possible, bringing*  
8        *the situation to the attention of appropriate courts*  
9        *or law enforcement agencies, furnishing relevant*  
10       *data, and providing followup services;*

11        *“(E) family planning services (including so-*  
12        *cial, educational, and medical services for any fe-*  
13        *male of child-bearing age and any other appropriate*  
14        *individual needing such services): Provided, That*  
15        *individuals must be assured choice of method, and*  
16        *acceptance of any such services must be voluntary*  
17        *on the part of the individual and may not be a pre-*  
18        *requisite or impediment to eligibility for any other*  
19        *service;*

20        *“(F) protective services for adults, including*  
21        *identifying and helping to correct hazardous living*  
22        *conditions or situations of potential or actual neglect*  
23        *or exploitation of an individual who is unable to*  
24        *protect or care for himself;*

25        *“(G) services for adults in foster care not avail-*

1            *able under titles XVI, XVIII, and XIX, services for*  
2            *adults in twenty-four-hour foster homes or group*  
3            *care in other than medical institutions, including*  
4            *assessment of need for such care, finding of foster*  
5            *homes and institutional resources, making arrange-*  
6            *ments for placement, supervision, and periodic review*  
7            *while in placement, counseling services for the adult*  
8            *individuals and their families, and services to assist*  
9            *adults in leaving foster care to attain independent*  
10           *living;*

11           *“(H) homemaker services for individuals in*  
12           *their own homes, including helping individuals to*  
13           *overcome specific barriers to maintaining, strengthen-*  
14           *ing, and safeguarding their functioning in the home,*  
15           *through the services of a trained and supervised*  
16           *homemaker;*

17           *“(I) chore services including the performance*  
18           *of household tasks, essential shopping, simple house-*  
19           *hold repairs, and other light work necessary to enable*  
20           *an individual to remain in his own home when he is*  
21           *unable to perform such tasks himself and they do not*  
22           *require the services of a trained homemaker or other*  
23           *specialist;*

24           *“(J) home delivered or congregate meals and*  
25           *the preparation and delivery of hot meals to an indi-*



1            *vidual in his home or in a central dining facility, to*  
2            *assist the individual to remain in his home, and to*  
3            *assure sound nutrition;*

4            *“(K) day care services for adults, including*  
5            *meal preparation and serving, companionship, edu-*  
6            *cational and recreational activities, and rehabilitation*  
7            *activity when provided for less than a twenty-four-*  
8            *hour period in a group or family setting;*

9            *“(L) health-related services, including helping*  
10           *individuals to identify health (including mental*  
11           *health) needs and assisting individuals to secure*  
12           *diagnostic, preventive, remedial, ameliorative, and*  
13           *other needed health services and helping to expedite*  
14           *return to community living from institutional care*  
15           *when discharge is medically recommended;*

16           *“(M) home management and other functional*  
17           *educational services, including formal or informal*  
18           *instruction and training in management of house-*  
19           *hold budgets, maintenance and care of the home,*  
20           *preparation of food, nutrition, consumer education,*  
21           *child rearing, and health maintenance;*

22           *“(N) housing improvement services, including*  
23           *helping individuals to obtain or retain adequate*  
24           *housing, and minor repairs necessary for personal*  
25           *protection;*

1           “(O) a full range of legal services, at the op-  
2           tion of the State, for persons desiring assistance with  
3           legal problems, including services to establish pa-  
4           ternity and child support and services related to  
5           adoption;

6           “(P) transportation services necessary to travel  
7           to and from community facilities or resources for  
8           receipt of services;

9           “(Q) educational and training services for  
10          adult family members and services to assist chil-  
11          dren to obtain education and training to their fullest  
12          capacities, where there are needs not met by the work  
13          incentive program; and vocational rehabilitation  
14          services as defined in the Vocational Rehabilitation  
15          Act when provided pursuant to an agreement with  
16          the State agency administering the vocational re-  
17          habilitation program;

18          “(R) employment services to enable individuals  
19          to secure paid employment or training leading to  
20          such employment, including vocational, educational,  
21          social, and psychological diagnostic assessments to  
22          determine potential for job training or employment  
23          and other services that will assist in the individual's  
24          plan for achieving full or partial self-support, where

1           there are needs not met by the work incentive  
2           program;

3           “(S) information, referral, followup and de-  
4           termination of eligibility and the need for services,  
5           without regard to individual eligibility criteria;

6           “(T) special services for the mentally retarded,  
7           or special adaptations of generic services, directed  
8           toward alleviating a developmental handicap or  
9           toward the social, personal, or economic habilitation  
10          of an individual of subaverage intellectual function-  
11          ing associated with impairment of adaptive behavior  
12          as defined and determined by the State agency, with  
13          such services including but not limited to personal  
14          care, day care, training, sheltered employment, rec-  
15          reation, counseling of the retarded individual and  
16          his family, protective and other social and socio-  
17          legal services, information and referral, follow along  
18          services, transportation necessary to deliver such  
19          services, diagnostic and evaluation services, and sim-  
20          ilar special services for other individuals requiring  
21          such services because of developmental disability;

22          “(U) special services for the blind to alleviate  
23          the handicapping effects of blindness through train-  
24          ing in mobility, personal care, home management,  
25          and communication skills; special aids and appli-

1            *ances; and special counseling for caretakers of blind*  
2            *children and adults;*

3            *“(V) services for alcoholism and drug addiction*  
4            *for an individual who is becoming dependent on or is*  
5            *addicted to alcohol or other drugs as determined by*  
6            *the standards set by the State agency designated by*  
7            *the State under the Comprehensive Alcohol Abuse*  
8            *and Treatment Act of 1970 and the Drug Abuse and*  
9            *Treatment Act of 1972, if such services are needed*  
10           *as part of a program for prevention or treatment of*  
11           *addiction or the conditions arising from misuse of*  
12           *alcohol or other drugs, including but not limited to*  
13           *social and rehabilitative services for resident patients*  
14           *receiving services in a supportive environment (such*  
15           *as a halfway house, hostel, or foster home) and*  
16           *including medical services (such as psychiatric*  
17           *services) incidental to the provision of a social*  
18           *service;*

19           *“(W) special services for the emotionally dis-*  
20           *turbed as defined by the State;*

21           *“(X) special services for the physically handi-*  
22           *capped as defined by the State; and*

23           *“(Y) any other services which the State finds*  
24           *appropriate for meeting the goals of self-support,*

1           *family care or self-care, community-based care, or*  
2           *institutional care.*

3           “(e)(1) *Effective July 1, 1974, Federal financial*  
4 *assistance which is subject to the limitation imposed by*  
5 *subsections (a) and (b) shall be available for a new*  
6 *purchase of services from a public agency (other than the*  
7 *single State agency) only for services beyond those repre-*  
8 *sented by the expenditures for the previous fiscal year of*  
9 *the provider agency (or its predecessor) for the type of*  
10 *service and type of persons covered by the agreement.*

11           “(2) *A purchase of services in any fiscal year shall*  
12 *not be considered a new purchase of services to the extent*  
13 *that an equivalent purchase of services from the same pro-*  
14 *vider agency (or its predecessor) was made in any of the*  
15 *three preceding fiscal years and was included in the ex-*  
16 *penditures for which Federal financial participation was*  
17 *provided under titles I, VI, X, XIV, or XVI, or Part A*  
18 *of title IV.”*

19           “(b) *Subsection (a) of section 1130 of such Act is*  
20 *amended by striking out the matter therein which begins with*  
21 *“to assure that—” and ends with the period at the end thereof,*  
22 *and inserting in lieu of the matter stricken the following:*  
23 *“to assure that the total amount paid to such State (under*  
24 *all of such sections) for such fiscal year for such services*

1 *does not exceed the allotment of such State (as determined*  
2 *under subsection (b)).”.*

3 *SPECIAL FEDERAL SOCIAL SERVICES FUNDING LIMIT*

4 *FOR FISCAL YEAR 1974*

5 *SEC. 132. (a) In the administration of section 1130*  
6 *of the Social Security Act, the allotment of each State (as*  
7 *determined under subsection (b) of such section) for the*  
8 *fiscal year ending June 30, 1974, shall (notwithstanding*  
9 *any provision of such section 1130) be adjusted so that the*  
10 *amount of such allotment for such year is equal to whichever*  
11 *of the following is the lesser: (1) the allotment of such State*  
12 *as determined under subsection (b) of such section, or (2)*  
13 *the allotment of such State as determined under subsections*  
14 *(b) and (d) of this section.*

15 *(b)(1) For the fiscal year ending June 30, 1974, the*  
16 *Secretary shall allot to each State—*

17 *(A) an amount equal to 400 per centum of the*  
18 *amount payable to such State with respect to the total*  
19 *expenditures incurred by the State for services (of the*  
20 *type, and under the programs to which the allotment,*  
21 *as determined under subsection (b) of section 1130 of*  
22 *the Social Security Act, is applicable) for the calendar*  
23 *quarter commencing July 1, 1973, plus*

24 *(B) an amount which bears the same ratio to the*  
25 *amount (if any) by which—*

1           (i) \$1,850,000,000 exceeds

2           (ii) the aggregate of the amounts allotted to all  
3           States under clause (A),

4           as the population of such State bears to the population of  
5           all States.

6           (2) If the aggregate of the allotments made pursuant to  
7           paragraph (1) is in excess of \$1,900,000,000, the Secretary  
8           shall reduce the allotment of each State, on a pro rata basis,  
9           until the aggregate of the allotments for all States does not  
10          exceed \$1,900,000,000.

11          (c)(1) In addition to the amount allotted to any State  
12          under the preceding subsections of this section for the fiscal  
13          year ending June 30, 1974, the Secretary may make an  
14          additional allotment for such year to such State in accordance  
15          with this subsection.

16          (2) The aggregate of the allotments made pursuant to  
17          this subsection shall not exceed the lesser of (A) \$50,000,000  
18          or (B) the amount by which the aggregate of the amounts al-  
19          located under subsection (b) is less than \$1,900,000,000.

20          (3) Allotments under this subsection shall be made, in  
21          the following order of priority, to such States and in such  
22          amounts as the Secretary deems to be appropriate—

23               (A) first, in order to assure that, for the fiscal year  
24               ending June 30, 1974, no State is paid less from Federal  
25               funds with respect to expenditures incurred by it for

1     *services (of the type, and under the programs to which*  
2     *the allotment of such State, as determined under subsec-*  
3     *tion (b) of section 1130 of the Social Security Act, is*  
4     *applicable) than such State was paid from Federal*  
5     *funds with respect to such expenditures for the fiscal*  
6     *year ending June 30, 1973: Provided, That no payment*  
7     *under this clause shall exceed the amount by which the*  
8     *allotment applicable to such State for the fiscal year end-*  
9     *ing June 30, 1973 under section 1130(b) of the Social*  
10    *Security Act was increased by reason of the enactment of*  
11    *section 403 of the Social Security Amendments of 1972,*  
12         *(B) second, provide additional Federal financial*  
13    *assistance to any State (I) the allotment of which, as*  
14    *determined under subsection (b), is substantially less*  
15    *than the allotment of such State under section 1130 of*  
16    *the Social Security Act (as determined without regard*  
17    *to this section), and (II) which can demonstrate (to*  
18    *the satisfaction of the Secretary) that it had, prior to*  
19    *November 15, 1973, planned an expansion of its social*  
20    *services programs during the remainder of the fiscal*  
21    *year ending June 30, 1974, which would require such*  
22    *additional Federal financial assistance, except that the*  
23    *amount of the allotment made to any State under this*  
24    *subparagraph shall not exceed an amount which, when*  
25    *added to its allotment as determined under subsections*



1       (b) and (d) of this section, is equal to its allotment  
2       determined under section 1130 of the Social Security Act  
3       (as determined without regard to this section), and

4       (C) third, to provide additional Federal financial  
5       assistance to States which can demonstrate (to the satis-  
6       faction of the Secretary) that if an allotment is made to  
7       such State under this subparagraph, the amount of such  
8       allotment will be utilized so as to produce a significant  
9       cost benefit (as determined pursuant to regulations which  
10      shall be promulgated by the Secretary).

11      (d) (1) If the Secretary determines that the amount of  
12      the allotment (as determined under the preceding provisions of  
13      this section) of any State is in excess of the amount needed by  
14      the State for purposes for which such allotment is made, he  
15      shall reallocate the amount of such excess among other States each  
16      of which has need (for purposes for which the allotment under  
17      the preceding provisions of this section is made) of amounts  
18      in excess of the amount of its allotment (as determined under  
19      the preceding provisions of this section).

20      (2) Whenever amounts are reallocated among States by  
21      the Secretary pursuant to paragraph (1), the amount re-  
22      allotted to each such State shall bear the same ratio to the total  
23      amount being reallocated as the population of such State bears  
24      to the population of all the States to which such reallocation is  
25      being made.



1           *clauses (i) and (ii) which the State determines*  
2           *to be appropriate for individuals who have been*  
3           *or are likely to become (as determined by the*  
4           *State) applicants for or recipients of assistance*  
5           *under the plan, if such services are requested by*  
6           *and provided to such individuals, or”;*

7           *(C) by striking out subparagraph (B) and re-*  
8           *designating subparagraph (C) as subparagraph (B);*  
9           *and*

10           *(D) by striking out all that follows subparagraph*  
11           *(C).*

12           *(2) Section 3(a)(5) of such Act is repealed.*

13           *(3) Section 3(c) of such Act is repealed.*

14           *(b) Section 403(a)(3) of the Social Security Act is*  
15           *amended—*

16           *(1) by striking out “described in”, in subparagraph*  
17           *(A)(i), and inserting in lieu thereof “which the State*  
18           *determines should be provided, including those described*  
19           *in”;*

20           *(2) by striking out “clauses (14) and (15) of sec-*  
21           *tion 402(a)”, in subparagraph (A)(ii), and inserting*  
22           *in lieu thereof “subparagraph (A)(i)”;*

23           *(3) by striking out “, within such period or periods*  
24           *as the Secretary may prescribe,” in subparagraph (A)*

1       (ii), and inserting in lieu thereof “as determined by the  
2       State”; and

3           (4) by striking out all that follows subparagraph  
4       (B).

5       (c)(1) Section 1003(a)(3) of the Social Security Act  
6       is amended—

7           (A) by striking out “whose State plan approved  
8       under section 1002 meets the requirements of subsection  
9       (c)(1)” in the matter preceding subparagraph (A);

10          (B) by striking out clauses (i), (ii), and (iii) of  
11       subparagraph (A) and inserting in lieu thereof the fol-  
12       lowing:

13               “(i) services which are provided to appli-  
14               cants for or recipients of aid to the blind to help  
15               them attain or retain capability for self-support  
16               or self-care, or

17               “(ii) other services which (as determined  
18               by the State) are likely to prevent or reduce  
19               dependency and which are provided to such  
20               applicants or recipients, or

21               “(iii) any of the services described in  
22               clauses (i) and (ii) which the State determines  
23               to be appropriate for individuals who have been  
24               or are likely to become (as determined by the

1           State) applicants for or recipients of aid to  
2           the blind, if such services are requested by  
3           and provided to such individuals, or”;

4           (C) by striking out subparagraph (B) and redesignating  
5           subparagraph (C) as subparagraph (B); and

6           (D) by striking out all that follows subparagraph  
7           (C).

8           (2) Section 1003(a)(4) of such Act is repealed.

9           (3) Section 1003(c) of such Act is repealed.

10          (d)(1) Section 1403(a)(3) of the Social Security Act  
11          is amended—

12           (A) by striking out “whose State plan approved  
13           under section 1402 meets the requirements of subsection  
14           (c)(1)” in the matter preceding subparagraph (A);

15           (B) by striking out clauses (i), (ii), and (iii)  
16           of subparagraph (A) and inserting in lieu thereof the  
17           following:

18           “(i) services which are provided to appli-  
19           cants for or recipients of aid to the permanently  
20           and totally disabled to help them attain or re-  
21           tain capability for self-support or self-care, or

22           “(ii) other services which (as determined  
23           by the State) are likely to prevent or reduce  
24           dependency and which are provided to such ap-  
25           plicants or recipients, or

1           “(iii) any of the services described in clauses  
2           clauses (i) and (ii) which the State determines  
3           to be appropriate for individuals who have been  
4           or are likely to become (as determined by the  
5           State) applicants for or recipients of aid to the  
6           permanently and totally disabled, if such serv-  
7           ices are requested by and provided to such  
8           individuals, or”;

9           (C) by striking out subparagraph (B) and redes-  
10          ignating subparagraph (C) as subparagraph (B); and

11          (D) by striking out all that follows subparagraph  
12          (C).

13          (2) Section 1403(a)(4) of such Act is repealed.

14          (3) Section 1403(c) of such Act is repealed.

15          (e)(1) Section 1603(a)(4) of the Social Security Act  
16          is amended—

17               (A) by striking out “whose State plan approved  
18               under section 1602 meets the requirements of subsec-  
19               tion (c)(1)” in the matter preceding subparagraph  
20               (A);

21               (B) by striking out clauses (i), (ii), and (iii) of  
22               subparagraph (A) and inserting in lieu thereof the  
23               following:

24                       “(i) services which are provided to appli-  
25                       cants for or recipients of aid or assistance under

1           the plan to help them attain or retain capability  
2           for self-support or self-care, or

3           “(ii) other services which (as determined  
4           by the State) are likely to prevent or reduce  
5           dependency and which are provided to such  
6           applicants or recipients, or

7           “(iii) any of the services described in  
8           clauses (i) and (ii) which the State determines  
9           to be appropriate for individuals who have been  
10          or more likely to become (as determined by the  
11          State) applicants for or recipients of aid or  
12          assistance under the plan, if such services are  
13          requested by and provided to such individuals,  
14          or”;

15          (C) by striking out subparagraph (B) and redesi-  
16          gnating subparagraph (C) as subparagraph (B); and

17          (D) by striking out all that follows subparagraph  
18          (C).

19          (2) Section 1603(a)(5) of such Act is repealed.

20          (3) Section 1603(c) of such Act is repealed.

21          (f)(1) Section 603(a) of the Social Security Act (as  
22          added by the Social Security Amendments of 1972) is  
23          amended to read as follows:

24          “(a) From the sums appropriated therefor, the Secretary  
25          shall, subject to section 1130, pay to each State which has

1 a plan approved under this title, for each quarter, an amount  
2 equal to the sum of the following proportions of the total  
3 amounts expended during such quarter as found necessary  
4 by the Secretary of Health, Education, and Welfare for the  
5 proper and efficient administration of the State plan—

6 “(1) 75 per centum of so much of such expendi-  
7 tures as are for—

8 “(A) services which are provided to applicants  
9 for or recipients of supplemental security income  
10 benefits under title XVI to help them attain or re-  
11 tain capability for self-support or self-care, or

12 “(B) other services which (as determined by  
13 the State) are likely to prevent or reduce dependency  
14 and which are provided to such applicants or recipi-  
15 ents, or

16 “(C) any of the services described in clause  
17 (A) or (B) which the State determines to be appro-  
18 priate for individuals who have been or are likely to  
19 become (as determined by the State) applicants for  
20 or recipients of supplemental security income bene-  
21 fits under title XVI, if such services are requested by  
22 and provided to such individuals, or

23 “(D) the training of personnel employed or  
24 preparing for employment by the State agency or



1           by the local agency administering the plan in the  
2           political subdivision; plus

3           “(2) one-half of the remainder of such expenditures.”

4           (2) Section 603(c) of such Act is repealed.

5           (g) Section 1130(a) of the Social Security Act is  
6 amended by striking out “section 3(a) (4) and (5), 403  
7 (a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or  
8 1603(a) (4) and (5)” and inserting in lieu thereof  
9 “section 3(a)(4), 403(a)(3), 1003(a)(3), 1403(a)(3),  
10 or 1603(a)(4)”.

11 ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

12       SEC. 134. Part A of title XI of the Social Security Act  
13 is amended by inserting, immediately after section 1130  
14 thereof, the following new section:

15       “ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

16       “SEC. 1131. (a) Not later than June 30, 1975, and  
17 June 30 of each year thereafter, the Secretary shall submit  
18 to Congress a report on social services programs under sec-  
19 tions 3, 403, 603, 1003, 1403, and 1603. Such report shall  
20 include information on a State-by-State basis as to the  
21 amounts of funds expended for each type of service (classi-  
22 fied in such categories as the Secretary may determine to be  
23 appropriate), and such other data and information as may  
24 be appropriate.

1       “(b) The Secretary shall require the States to make  
2 such reports concerning their use of Federal social services  
3 funds which shall be the basis of the report required by sub-  
4 section (a).”.

5               *USE OF DONATED FUNDS IN PROVISION OF*  
6                               *SOCIAL SERVICES*

7       *SEC. 135. Part A of title XI of the Social Security Act*  
8 *is amended by adding after section 1131 (as added by sec-*  
9 *tion 134 of this Act) the following new section:*

10               “*USE OF DONATED FUNDS IN PROVISION OF*  
11                               *SOCIAL SERVICES*

12       “*SEC. 1132. For purposes of the services to which the*  
13 *provisions of section 1130 are applicable, donated private*  
14 *funds (including in-kind contributions, as defined in OMB*  
15 *Circular A-102, as in effect on October 1, 1973) for services*  
16 *shall be considered as State funds in claiming Federal re-*  
17 *imbursement where such funds are transferred to the State*  
18 *or local agency and under its administrative control and are*  
19 *donated on an unrestricted basis (except that funds donated*  
20 *to support a particular kind of activity in a named com-*  
21 *munity shall be acceptable).”.*

22                               *EFFECTIVE DATES*

23       *SEC. 136. The amendments made by sections 131, 133,*  
24 *and 135 shall take effect on November 1, 1973.*

1                    *PART E—CHILD WELFARE SERVICES*

2                    *NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM*

3                    *SEC. 141. Title IV of the Social Security Act is amended*  
 4 *by inserting immediately after section 426 thereof the follow-*  
 5 *ing new section:*

6                    *“NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM*

7                    *“SEC. 427. (a) The Secretary of Health, Education, and*  
 8 *Welfare is hereby authorized to provide information, utilizing*  
 9 *computers and modern data processing methods, through a*  
 10 *national adoption information exchange system, to assist*  
 11 *in the placement of children awaiting adoption and in the*  
 12 *location of children, including cooperative efforts with any*  
 13 *similar programs operated by or within foreign countries,*  
 14 *and such other related activities as would further or facilitate*  
 15 *adoptions.*

16                    *“(b) There are authorized to be appropriated \$1,000,000*  
 17 *for the fiscal year ending June 30, 1974, and such sums*  
 18 *as may be necessary for succeeding fiscal years, to carry out*  
 19 *this section.”*

20                    *CHILD ABUSE, NEGLECT, AND PROTECTIVE SERVICES*

21                    *SEC. 142. (a) Section 402(a)(16) of the Social Se-*  
 22 *curity Act is amended to read as follows:*

23                    *“(16) provide—*

24                    *“(A) that the State agency will provide such*  
 25 *services as are necessary to aid the prevention, identi-*

1            *fication, and treatment of child abuse and neglect*  
2            *and, wherever feasible, to make it possible for the*  
3            *child to remain in the home; and*

4            *“(B) that where the State agency has reason to*  
5            *believe that the home in which a relative and child*  
6            *receiving aid reside is unsuitable for the child be-*  
7            *cause of the neglect, abuse, or exploitation of such*  
8            *child it shall bring such condition to the attention of*  
9            *the appropriate court or other agency, including law*  
10           *enforcement agencies, in the State providing such*  
11           *data with respect to the situation it may have;”.*

12           *(b) Section 422(a)(1) of such Act is amended—*

13           *(1) by striking out “and” at the end of subpara-*  
14           *graph (B); and*

15           *(2) by adding at the end of subparagraph (C) the*  
16           *following new subparagraph:*

17           *“(D) provides for the establishment and imple-*  
18           *mentation of protective services for children includ-*  
19           *ing, but not limited to—*

20           *“(i) procedures for the discovery and re-*  
21           *porting of instances of neglect or abuse of chil-*  
22           *dren, including a systematic method for receiv-*  
23           *ing reports of suspected or known instances of*  
24           *child abuse or neglect on a twenty-four-hour a*  
25           *day basis,*

1           “(ii) use of the full resources of local com-  
2           munities including public and nonprofit agen-  
3           cies and organizations which provide services  
4           and activities that would be beneficial to a child  
5           and his parents or guardians,

6           “(iii) provisions of services, where feasible,  
7           to make it possible for the child to remain in the  
8           home,

9           “(iv) cooperation with the appropriate  
10          courts and law enforcement officials in instances  
11          of child neglect and abuse, and

12          “(v) a central collection point for all data  
13          and information on child abuse and neglect,  
14          and”.

15          (c) *The amendments made by subsections (a) and (b)*  
16 *shall be effective July 1, 1975: Provided, however, That the*  
17 *Secretary may at any time after the date of enactment of this*  
18 *Act approve changes in State plans under sections 402 and*  
19 *422 of the Social Security Act which have the effect of*  
20 *bringing such State plans into conformity with such amend-*  
21 *ments.*

22                   *PART F—CHILD SUPPORT PROGRAMS*

23                   *CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY*

24                           *In General*

25           *SEC. 151. (a) Title IV of the Social Security Act is*  
26 *amended by adding after part C the following new part:*

1    *"PART D—CHILD SUPPORT AND ESTABLISHMENT OF*  
2                                    *PATERNITY*

3                                    *"APPROPRIATION*

4        *"SEC. 451. For the purpose of enforcing the support*  
5 *obligations owned by absent parents to their children, locating*  
6 *absent parents, establishing paternity, and obtaining child*  
7 *support, there is hereby authorized to be appropriated for*  
8 *each fiscal year a sum sufficient to carry out the purposes*  
9 *of this part.*

10                                *"DUTIES OF THE SECRETARY*

11        *"SEC. 452. (a) The Secretary shall establish, within*  
12 *the Department of Health, Education, and Welfare a sepa-*  
13 *rate organizational unit, under the direction of the Assistant*  
14 *Secretary for Child Support, who shall report directly to*  
15 *the Secretary and who shall—*

16            *"(1) establish such standards for State programs*  
17 *for locating absent parents, establishing paternity, and*  
18 *obtaining child support as he determines to be necessary*  
19 *to assure that such programs will be effective;*

20            *"(2) establish minimum organizational and staffing*  
21 *requirements for State units engaged in carrying out*  
22 *such programs under plans approved under this part;*

23            *"(3) review and approve State plans for such pro-*  
24 *grams;*

25            *"(4) evaluate the implementation of State programs*  
26 *established pursuant to such plan, conduct such audits*

1 of State programs established under the plan approved  
2 under this part as may be necessary to assure their con-  
3 formity with the requirements of this part, and, not less  
4 often than annually, conduct a complete audit of the  
5 programs established under such plan in each State and  
6 determine for the purposes of the penalty provision of  
7 section 403(h) whether the actual operation of such pro-  
8 grams in each State conforms to the requirements of this  
9 part;

10 “(5) assist States in establishing adequate reporting  
11 procedures and maintain records of the operations of  
12 programs established pursuant to this part in each State;

13 “(6) maintain records of all amounts collected and  
14 disbursed under programs established pursuant to the  
15 provisions of this part and of the costs incurred in col-  
16 lecting such amounts;

17 “(7) provide technical assistance to the States to  
18 help them establish effective systems for collecting child  
19 support and establishing paternity;

20 “(8) receive applications from States for permis-  
21 sion to utilize the courts of the United States to enforce  
22 court orders for support against absent parents and,  
23 upon a finding that (A) another State has not under-  
24 taken to enforce the court order of the originating State  
25 against the absent parent within a reasonable time, and

1       *(B) that utilization of the Federal courts is the only*  
2       *reasonable method of enforcing such order, approve such*  
3       *applications;*

4           *“(9) operate the Parent Locator Service established*  
5       *by section 453;*

6           *“(10) establish or designate regional laboratories as*  
7       *authorized by section 461 to provide services in analyzing*  
8       *and classifying blood for the purpose of establishing*  
9       *paternity; and*

10          *“(11) not later than June 30 of each year beginning*  
11        *after December 31, 1974, submit to the Congress a report*  
12        *on all activities undertaken pursuant to the provisions of*  
13        *this part.*

14          *“(b) The Secretary shall, upon the request of any State*  
15        *having in effect a State plan approved under this part, certify*  
16        *the amount of any child support obligation assigned to such*  
17        *State to the Secretary of the Treasury for collection pursuant*  
18        *to the provisions of section 6305 of the Internal Revenue*  
19        *Code of 1954. No amount may be certified for collection*  
20        *under this subsection except upon a showing by the State that*  
21        *such State has made diligent and reasonable efforts to collect*  
22        *such amounts utilizing its own collection mechanisms, and*  
23        *upon an agreement that the State will reimburse the United*  
24        *States for any costs involved in making the collection. The*  
25        *Secretary after consultation with the Secretary of the Treas-*



1 ury may, by regulation, establish criteria for accepting  
2 amounts for collection and for making certification under  
3 this subsection including imposing such limitations on the  
4 frequency of making such certifications under this subsection.

5       “(c)(1) There is hereby established in the Treasury a  
6 revolving fund which shall be available to the Secretary with-  
7 out fiscal year limitation, to enable him to pay to the States  
8 for distribution in accordance with the provisions of section  
9 457 such amounts as may be collected and paid (subject to  
10 paragraph (2)) into such fund under section 6305 of the In-  
11 ternal Revenue Code of 1954.

12       “(2) There is hereby appropriated to the fund, out of  
13 any moneys in the Treasury not otherwise appropriated,  
14 amounts equal to the amounts collected under section 6305  
15 of the Internal Revenue Code of 1954, reduced by the amounts  
16 credited or refunded as overpayments of the amounts so  
17 collected. The amounts appropriated by the preceding section  
18 shall be transferred at least quarterly from the general fund  
19 of the Treasury to the fund on the basis of estimates made by  
20 the Secretary of the Treasury. Proper adjustments shall be  
21 made in the amounts subsequently transferred to the extent  
22 prior estimates were in excess of or less than the amounts  
23 required to be transferred.

24                               “PARENT LOCATOR SERVICE

25       “SEC. 453. (a) The Secretary shall establish and con-  
26 duct a Parent Locator Service under the direction of the

1 *Assistant Secretary for Child Support which shall be used*  
2 *to obtain and transmit to any authorized person (as defined*  
3 *in subsection (c)) information as to the whereabouts of any*  
4 *absent parent when such information is to be used to locate*  
5 *such parent for the purpose of enforcing support obligations*  
6 *against such parent.*

7       “(b) Upon request, filed in accordance with subsection  
8 (d) of any authorized person (as defined in subsection (c))  
9 for the most recent address and place of employment of any  
10 absent parent, the Secretary shall, notwithstanding any other  
11 provision of law, provide through the Parent Locator Service  
12 such information to such person, if such information—

13               “(1) is contained in any files or records maintained  
14 by the Secretary or by the Department of Health, Educa-  
15 tion, and Welfare; or

16               “(2) is not contained in such files or records, but  
17 can be obtained by the Secretary, under the authority  
18 conferred by subsection (e), from any other department,  
19 agency, or instrumentality, or the United States or of  
20 any State.

21 No information shall be disclosed to any person if the dis-  
22 closure of such information would contravene the national  
23 policy or security interests of the United States or the con-  
24 fidentiality of census data. The Secretary shall give priority  
25 to requests made by any authorized person described in sub-  
26 section (c)(1);

1       “(c) As used in subsection (a), the term ‘authorized  
2 person’ means—

3           “(1) any agent or attorney of any State having in  
4 effect a plan approved under this part, who has the duty  
5 or authority to seek to recover any amounts owed as child  
6 support (including, when authorized under the State  
7 plan, any official of a political subdivision);

8           “(2) the court which has authority to issue an order  
9 against an absent parent for the support and main-  
10 tenance of a child, or any agent of such court; and

11           “(3) the resident parent, legal guardian, attorney,  
12 or agent of a child (other than a child receiving aid under  
13 part A of this title) (as determined by regulations pre-  
14 scribed by the Secretary) without regard to the existence  
15 of a court order against an absent parent who has a  
16 duty to support and maintain any such child.

17       “(d) A request for information under this section shall  
18 be filed in such manner and form as the Secretary shall by  
19 regulation prescribe and shall be accompanied or supported by  
20 such documents as the Secretary may determine to be neces-  
21 sary.

22       “(e) (1) Whenever the Secretary receives a request  
23 submitted under subsection (b) which he is reasonably sat-  
24 isfied meets the criteria established by subsections (a), (b),  
25 and (c), he shall promptly undertake to provide the informa-

1 *tion requested from the files and records maintained by any*  
2 *of the departments, agencies, or instrumentalities of the United*  
3 *States or of any State.*

4       “(2) *Notwithstanding any other provision of law, when-*  
5 *ever the individual who is the head of any department,*  
6 *agency, or instrumentality of the United States receives a*  
7 *request from the Secretary for information authorized to*  
8 *be provided by the Secretary under this section, such individ-*  
9 *ual shall promptly cause a search to be made of the files and*  
10 *records maintained by such department, agency, or instru-*  
11 *mentality with a view to determining whether the informa-*  
12 *tion requested is contained in any such files or records. If*  
13 *such search discloses the information requested, such individ-*  
14 *ual shall immediately transmit such information to the Secre-*  
15 *tary, except that if any information is obtained the disclosure*  
16 *of which would contravene national policy or security in-*  
17 *terests of the United States or the confidentiality of census*  
18 *data, such information shall not be transmitted and such in-*  
19 *dividual shall immediately notify the Secretary. If such search*  
20 *fails to disclose the information requested, such individual*  
21 *shall immediately so notify the Secretary. The costs incurred*  
22 *by any such department, agency, or instrumentality of the*  
23 *United States or of any State in providing such information*  
24 *to the Secretary shall be reimbursed by him. Whenever such*

1 *services are furnished to an individual specified in subsection*  
2 *(c) (3); a fee shall be charged such individual. The fee so*  
3 *charged shall be used to reimburse the Secretary or his dele-*  
4 *gate for the expense of providing such services.*

5 *“(f) The Secretary, in carrying out his duties and*  
6 *functions under this section, shall enter into arrangements*  
7 *with State agencies administering State plans approved*  
8 *under this part for such State agencies to accept from resi-*  
9 *dent parents, legal guardians, or agents of a child described*  
10 *in subsection (c) (3) and, after determining that the absent*  
11 *parent cannot be located through the procedures under the*  
12 *control of such State agencies, to transmit to the Secretary*  
13 *requests for information with regard to the whereabouts of*  
14 *absent parents and otherwise to cooperate with the Secretary*  
15 *in carrying out the purposes of this section.*

16 *“STATE PLAN FOR CHILD SUPPORT*

17 *“SEC. 454. A State plan for child support must—*

18 *“(1) provide that it shall be in effect in all political*  
19 *subdivisions of the State;*

20 *“(2) provide for financial participation by the*  
21 *State;*

22 *“(3) provide for the establishment or designation of*  
23 *a single and separate organizational unit, which meets*  
24 *such staffing and organizational requirements as the Sec-*

1        *retary may by regulation prescribe, within the State to*  
2        *administer the plan;*

3            *“(4) provide that such State will undertake—*

4            *“(A) in the case of a child born out of wed-*  
5        *lock with respect to whom an assignment under sec-*  
6        *tion 402(a)(26) of this title is effective, to estab-*  
7        *lish the paternity of such child, and*

8            *“(B) in the case of any child with respect to*  
9        *whom such assignment is effective, to secure sup-*  
10       *port for such child from his parent (or from any*  
11       *other person legally liable for such support), utiliz-*  
12       *ing any reciprocal arrangements adopted with other*  
13       *States, except that when such arrangements and*  
14       *other means have proven ineffective, the State may*  
15       *utilize the Federal courts to obtain or enforce court*  
16       *orders for support;*

17           *“(5) provide that, in any case in which child sup-*  
18       *port payments are collected for a child with respect to*  
19       *whom an assignment under section 402(a)(26) is*  
20       *effective, such payments shall be made to the State for*  
21       *distribution pursuant to section 457 and shall not be*  
22       *paid directly to the family except that this paragraph*  
23       *shall not apply to such payments (except as provided*  
24       *in section 457(c)) for any month in which the amount.*

1 collected is sufficient to make such family ineligible for  
2 assistance under the State plan approved under part A;

3 “(6) provide that (A) the child support collection  
4 or paternity determination services established under the  
5 plan shall be made available to any individual not other-  
6 wise eligible for such services upon application filed by  
7 such individual with the State, (B) an application fee  
8 for furnishing such services may be imposed, except that  
9 the amount of any such application fee shall be reason-  
10 able, as determined under regulations of the Secretary,  
11 and (C) any costs in excess of the fee so imposed may  
12 be collected from such individual by deducting such costs  
13 from the amount of any recovery made;

14 “(7) provide for entering into cooperative arrange-  
15 ments with appropriate courts and law enforcement of-  
16 ficials (A) to assist the agency administering the plan,  
17 including the entering into of financial arrangements with  
18 such courts and officials in order to assure optimum re-  
19 sults under such program, and (B) with respect to any  
20 other matters of common concern to such courts or of-  
21 ficials and the agency administering the plan;

22 “(8) provide that the agency administering the plan  
23 will establish a service to locate absent parents utilizing—

24 “(A) all sources of information and available  
25 records, and

1           “(B) the Parent Locator Service in the De-  
2           partment of Health, Education, and Welfare;

3           “(9) provide that the State will, in accordance with  
4           standards prescribed by the Secretary, cooperate with  
5           any other State—

6           “(A) in establishing paternity, if necessary,

7           “(B) in locating an absent parent residing in  
8           the State (whether or not permanently) against  
9           whom any action is being taken under a program  
10          established under a plan approved under this part  
11          in another State,

12          “(C) in securing compliance by an absent par-  
13          ent residing in such State (whether or not perma-  
14          nently) with an order issued by a court of competent  
15          jurisdiction against such parent for the support and  
16          maintenance of a child or children of such parent  
17          with respect to whom aid is being provided under  
18          the plan of such other State, and

19          “(D) in carrying out other functions required  
20          under a plan approved under this part;

21          “(10) provide that the State will maintain a full  
22          record of collections and disbursements made under the  
23          plan and have an adequate reporting system;

24          “(11) provide that amounts collected as child sup-  
25          port shall be distributed as provided in section 457;



1           “(12) provide that any payment required to be  
2       made under section 456 or 457 to a family shall be made  
3       to the resident parent, legal guardian, or caretaker rela-  
4       tive having custody of or responsibility for the child or  
5       children; and

6           “(13) provide that the State will comply with such  
7       other requirements and standards as the Secretary deter-  
8       mines to be necessary to the establishment of an effective  
9       program for locating absent parents, establishing pater-  
10      nity, obtaining support orders, and collecting support  
11      payments.

12                               “PAYMENTS TO STATES

13      “SEC. 455. From the sums appropriated therefor, the  
14      Secretary shall pay to each State for each quarter, begin-  
15      ning with the quarter commencing July 1, 1974, an amount  
16      equal to 75 percent of the total amounts expended by such  
17      State during such quarter for the operation of the plan  
18      approved under section 454 except that no amount shall be  
19      paid to any State on account of furnishing collection serv-  
20      ices (other than parent locator services) to individuals under  
21      section 454(6) during any period beginning after June 30,  
22      1975.

23                               “SUPPORT OBLIGATIONS

24      “SEC. 456. (a) The support rights assigned to the State  
25      under section 402(a)(26) shall constitute an obligation owed

1 to such State by the individual responsible for providing such  
2 support. Such obligation shall be deemed for collection pur-  
3 poses to be collectible under all applicable State and local  
4 processes.

5 “(1) The amount of such obligation shall be—

6 “(A) the amount specified in a court order which  
7 covers the assigned support rights, or

8 “(B) if there is no court order, an amount deter-  
9 mined by the State in accordance with a formula ap-  
10 proved by the Secretary, and

11 “(2) Any amounts collected from an absent parent under  
12 the plan shall reduce, dollar for dollar, the amount of his obli-  
13 gation under paragraphs (1) (A) and (B).

14 “(b) A debt which is a child support obligation assigned  
15 to a State under section 402(a)(26) is not released by a  
16 discharge in bankruptcy under the Bankruptcy Act.

17 “DISTRIBUTION OF PROCEEDS

18 “SEC. 457. (a) The amounts collected as child support  
19 by a State pursuant to a plan approved under this part dur-  
20 ing the fiscal year beginning July 1, 1974, shall be distributed  
21 as follows:

22 “(1) 40 per centum of the first \$50 of such amounts  
23 as are collected periodically which represent monthly  
24 support payments shall be paid to the family without any

1       *decrease in the amount paid as assistance to such family*  
2       *during such month;*

3           “(2) such amounts as are collected periodically  
4       *which are in excess of any amount paid to the family*  
5       *under paragraph (1) which represent monthly support*  
6       *payments shall be retained by the State to reimburse it*  
7       *for assistance payments to the family during such pe-*  
8       *riod (with appropriate reimbursement of the Federal*  
9       *Government to the extent of its participation in the*  
10       *financing);*

11           “(3) such amounts as are in excess of amounts re-  
12       *tained by the State under paragraph (2) and are not in*  
13       *excess of the amount required to be paid during such*  
14       *period to the family by a court order shall be paid to the*  
15       *family; and*

16           “(4) such amounts as are in excess of amounts re-  
17       *quired to be distributed under paragraphs (1), (2),*  
18       *and (3) shall be (A) retained by the State (with appro-*  
19       *priate reimbursement of the Federal Government to the*  
20       *extent of its participation in the financing) as reimburse-*  
21       *ment for any past assistance payments made to the*  
22       *family for which the State has not been reimbursed or*  
23       *(B) if no assistance payments have been made by the*  
24       *State which have not been repaid, such amounts shall be*  
25       *paid to the family.*

1       “(b) *The amounts collected as child support by a State*  
2 *pursuant to a plan approved under this part during any fiscal*  
3 *year beginning after June 30, 1975, shall be distributed as*  
4 *follows:*

5               “(1) *such amounts as are collected periodically*  
6 *which represent monthly support payments shall be*  
7 *retained by the State to reimburse it for assistance pay-*  
8 *ments to the family during such period (with appropriate*  
9 *reimbursement of the Federal Government to the extent*  
10 *of its participation in the financing);*

11               “(2) *such amounts as are in excess of amounts re-*  
12 *tained by the State under paragraph (1) and are not in*  
13 *excess of the amount required to be paid during such*  
14 *period to the family by a court order shall be paid to the*  
15 *family; and*

16               “(3) *such amounts as are in excess of amounts re-*  
17 *quired to be distributed under paragraphs (1) and (2)*  
18 *shall be (A) retained by the State (with appropriate*  
19 *reimbursement of the Federal Government to the extent*  
20 *of its participation in the financing) as reimbursement*  
21 *for any past assistance payments made to the family for*  
22 *which the State has not been reimbursed or (B) if no*  
23 *assistance payments have been made by the State which*  
24 *have not been repaid, such amounts shall be paid to the*  
25 *family.*

1       “(c) Whenever a family for whom child support pay-  
2 ments have been collected and distributed under the plan  
3 ceases to receive assistance under part A of this title, the  
4 State may—

5               “(1) continue to collect such support payments from  
6 the absent parent for a period of not to exceed three  
7 months from the month following the month in which such  
8 family ceased to receive assistance under part A of this  
9 title, and pay all amounts so collected to the family; and

10               “(2) at the end of such three-month period, if the  
11 State is authorized to do so by the individual on whose  
12 behalf the collection will be made, continue to collect such  
13 support payments from the absent parent and pay the net  
14 amount of any amount so collected to the family after  
15 deducting any costs incurred in making the collection  
16 from the amount of any recovery made.

17               “INCENTIVE PAYMENT TO LOCALITIES

18       “SEC. 458. (a) When a political subdivision of a State  
19 makes, for the State of which it is a political subdivision, or  
20 one State makes, for another State, the enforcement and col-  
21 lection of the support rights assigned under section 402(a)  
22 (26) (either within or outside of such State), there shall be  
23 paid to such political subdivision or such other State from  
24 amounts which would otherwise represent the Federal share  
25 of assistance to the family of the absent parent—

1           “(1) an amount equal to 25 per centum of any  
2 amount collected (and required to be distributed as pro-  
3 vided in section 457 to reduce or repay assistance pay-  
4 ments) which is attributable to the support obligation  
5 owed for 12 months; and

6           “(2) an amount equal to 10 per centum of any  
7 amount collected (and required to be distributed as pro-  
8 vided in section 457 to reduce or repay assistance pay-  
9 ments) which is attributable to the support obligation  
10 owed for any month after the first twelve months for  
11 which such collections are made.

12          “(b) Where more than one jurisdiction is involved in  
13 such enforcement or collection, the amount of the incentive  
14 payment determined under paragraphs (1) and (2) of sub-  
15 section (a) shall be allocated among the jurisdictions in a  
16 manner to be prescribed by the Secretary.

17   “CONSENT BY THE UNITED STATES TO GARNISHMENT AND  
18       SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD  
19       SUPPORT AND ALIMONY OBLIGATIONS

20          “SEC. 459. Notwithstanding any other provision of law,  
21 effective January 1, 1974, moneys (the entitlement to which  
22 is based upon remuneration for employment) due from, or  
23 payable by, the United States (including any agency or in-  
24 strumentality thereof and any wholly owned Federal corpo-  
25 ration) to any individual, including members of the armed

1 *services, shall be subject, in like manner and to the same*  
2 *extent as if the United States were a private person, to legal*  
3 *process brought for the enforcement, against such individual,*  
4 *of his legal obligations to provide child support or make*  
5 *alimony payments.*

6 "CIVIL ACTIONS TO ENFORCE CHILD SUPPORT

7 OBLIGATIONS

8 "SEC. 460. *The district courts of the United States shall*  
9 *have jurisdiction, without regard to any amount in contro-*  
10 *versy, to hear and determine any civil action certified by*  
11 *the Secretary of Health, Education, and Welfare under sec-*  
12 *tion 452(a)(8) of this Act. A civil action under this section*  
13 *may be brought in any judicial district in which the claim*  
14 *arose, the plaintiff resides, or the defendant resides.*

15 "REGIONAL LABORATORIES TO ESTABLISH PATERNITY  
16 THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD

17 "SEC. 461. (a) *The Secretary shall, after appropriate*  
18 *consultation and study of the use of blood typing as evidence*  
19 *in judicial proceedings to establish paternity, establish, or*  
20 *arrange for the establishment or designation of, in each*  
21 *region of the United States, a laboratory which he determines*  
22 *to be qualified to provide services in analyzing and classifying*  
23 *blood for the purpose of determining paternity, and which*  
24 *is prepared to provide such services to courts and public*  
25 *agencies in the region to be served by it.*

1       “(b) Whenever a laboratory is established or desig-  
2 nated for any region by the Secretary under this section,  
3 he shall take such measures as may be appropriate to notify  
4 appropriate courts and public agencies (including agencies  
5 administering any public welfare program within such re-  
6 gion) that such laboratory has been so established or desig-  
7 nated to provide services, in analyzing and classifying blood  
8 for the purpose of determining paternity, for courts and  
9 public agencies in such region.

10       “(c) The facilities of any such laboratory shall be made  
11 available without cost to courts and public agencies in the  
12 region to be served by it.

13       “(d) There is hereby authorized to be appropriated for  
14 each fiscal year such sums as may be necessary to carry out  
15 the provisions of this section.”.

16                   *Collection of Child Support Obligations*

17       “(b) (1) Subchapter A of chapter 64 of the Internal Rev-  
18 enue Code of 1954 (relating to collection of taxes) is  
19 amended by adding at the end thereof the following new  
20 section:

21       “SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

22       “(a) IN GENERAL.—Upon receiving a certification from  
23 the Secretary of Health, Education, and Welfare, under sec-  
24 tion 452(b) of the Social Security Act with respect to any  
25 individual, the Secretary or his delegate shall assess and col-



1 lect the amount certified by the Secretary of Health, Educa-  
2 tion, and Welfare, in the same manner, with the same powers,  
3 and (except as provided in this section) subject to the same  
4 limitations as if such amount were a tax imposed by sub-  
5 title C the collection of which would be jeopardized by delay,  
6 except that—

7 “(1) no interest or penalties shall be assessed or  
8 collected,

9 “(2) for such purposes, paragraphs (4), (6), and  
10 (8) of section 6334(a) (relating to property exempt  
11 from levy) shall not apply, and

12 “(3) there shall be exempt from levy so much of the  
13 salary, wages, or other income of an individual as is  
14 being withheld therefrom in garnishment pursuant to a  
15 judgment entered by a court of competent jurisdiction for  
16 the support of his minor children.

17 “(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.—

18 No court of the United States, whether established under  
19 article I or article III of the Constitution, shall have juris-  
20 diction of any action, whether legal or equitable, brought to  
21 restrain or review the assessment and collection of amounts  
22 by the Secretary or his delegate under subsection (a), nor  
23 shall any such assessment and collection be subject to review  
24 by the Secretary or his delegate in any proceeding. This sub-  
25 section does not preclude any legal, equitable, or administra-

1 *tive action by an individual in any State court or before any*  
2 *State agency to determine his liability for any amount as-*  
3 *essed against him and collected, or to recover any such*  
4 *amount collected from him, under this section.”.*

5 (2) *The table of sections for such subchapter is amended*  
6 *by adding at the end thereof the following new item:*

*“Sec. 6305. Collection of certain liability.”.*

7 *Amendments to Part A of Title IV*

8 (c)(1) *Notwithstanding the provisions of section 402*  
9 *(a) of the Social Security Act, in addition to the amounts*  
10 *required to be disregarded under clause (8)(A) of such*  
11 *section, there is imposed the requirement (and the State plan*  
12 *shall be deemed to include the requirement) that for the*  
13 *fiscal year beginning July 1, 1974, in making the determina-*  
14 *tion under clause (7), the State agency shall with respect*  
15 *to any month in such year and in addition to the amounts*  
16 *required to be disregarded under clause (8)(A), disregard*  
17 *amounts payable under section 457(a)(1).*

18 (2) *Section 402(a)(9) is amended to read as follows:*

19 “(9) *provide safeguards which permit the use or*  
20 *disclosure of information concerning applicants or re-*  
21 *cipients only to (A) public officials who require such*  
22 *information in connection with their official duties, or*  
23 *(B) other persons for purposes directly connected with*

1       *the administration of aid to families with dependent*  
2       *children;”.*

3       (3) *Section 402(a)(10) is amended by inserting im-*  
4       *mediately before “be furnished” the following: “, subject to*  
5       *paragraphs (25) and (26),”.*

6       (4) *Section 402(a)(11) is amended to read as follows:*

7               *“(11) provide for prompt notice (including the*  
8       *transmittal of all relevant information) to the State child*  
9       *support collection agency (established pursuant to part*  
10       *D of this title) of the furnishing of aid to families with*  
11       *dependent children with respect to a child who has been*  
12       *deserted or abandoned by a parent (including a child*  
13       *born out of wedlock without regard to whether the*  
14       *paternity of such child has been established);”.*

15       (5) *Section 402(a) is further amended—*

16               (A) *by striking out “and” at the end of paragraph*  
17       (23);

18               (B) *by inserting immediately before the first word*  
19       *in paragraph (24) the following: “provide that”; and*

20               (C) *by striking out the period at the end of para-*  
21       *graph (24) and inserting in lieu thereof a semicolon and*  
22       *the following:*

23               *“(25) provide (A) that, as a condition of eligibility*  
24       *under the plan, each applicant for or recipient of aid*  
25       *shall furnish to the State agency his social security ac-*

1        *count number (or numbers, if he has more than one such*  
2        *number), and (B) that such State agency shall utilize*  
3        *such account numbers, in addition to any other means of*  
4        *identification it may determine to employ in the admin-*  
5        *istration of such plan;*

6            *“(26) provide that, as a condition of eligibility for*  
7        *aid, each applicant or recipient will be required—*

8            *“(A) to assign the State any rights to support*  
9        *from any other person such applicant may have (i)*  
10        *in his own behalf or in behalf of any other family*  
11        *member for whom the applicant is applying for or*  
12        *receiving aid, and (ii) which have accrued at the*  
13        *time such assignment is executed,*

14            *“(B) to cooperate with the State (i) in estab-*  
15        *lishing the paternity of a child born out of wed-*  
16        *lock with respect to whom aid is claimed, and (ii) in*  
17        *obtaining support payments for such applicant and*  
18        *for a child with respect to whom such aid is claimed,*  
19        *or in obtaining any other payments or property due*  
20        *such applicant or such child and that, if the relative*  
21        *with whom a child is living is found to be ineligible*  
22        *because of failure to comply with the requirements of*  
23        *this paragraph, any aid for which such child is eli-*  
24        *gible will be provided in the form of protective pay-*  
25        *ments as described in section 406(b)(2) (without*

1           *regard to subparagraphs (A) through (E) of such*  
2           *section); and*

3           *“(27) provide, that the States have in effect a plan ap-*  
4           *proved under part D and operate a child support program*  
5           *in conformity with such plan.”.*

6           *(6)(A) Section 403 of the Social Security Act is*  
7           *amended by adding at the end thereof the following new*  
8           *subsection:*

9           *“(h) Notwithstanding any other provision of this Act,*  
10           *the amount payable to any State under this part for quarters*  
11           *in a fiscal year shall with respect to quarters beginning after*  
12           *December 31, 1975, be reduced by 5 per centum of such*  
13           *amount if such State is found by the Secretary as the result*  
14           *of the annual audit to have failed to have an effective pro-*  
15           *gram meeting the requirements of section 402(a)(27) in*  
16           *any fiscal year beginning after June 30, 1975 (but, in the*  
17           *case of the fiscal year beginning July 1, 1975, only con-*  
18           *sidering the third and fourth quarters thereof).”.*

19           *(B) Section 404 of such Act is amended by adding at*  
20           *the end thereof the following new subsections:*

21           *“(c) No State shall be found, prior to January 1,*  
22           *1976, to have failed substantially to comply with the require-*  
23           *ments of section 402(a)(27) if, in the judgment of the*  
24           *Secretary, such State is making a good faith effort to im-*  
25           *plement the program required by such section.*

1       “(d) After December 31, 1975, in the case of any  
2 State which is found to have failed substantially to comply  
3 with the requirements of section 402(a)(27), the reduction  
4 in any amount payable to such State required to be imposed  
5 under section 403(h) shall be imposed in lieu of any reduc-  
6 tion, with respect to such failure, which would otherwise be  
7 required to be imposed under this section.”

8       (7) Section 406 of the Social Security Act is amended  
9 by adding at the end thereof the following new subsection:

10       “(f) Notwithstanding the provisions of subsection (b),  
11 the term ‘aid to families with dependent children’ does not  
12 mean payments with respect to a parent (or other individual  
13 whose needs such State determines should be considered in  
14 determining the need of the child or relative claiming aid  
15 under the plan of such State approved under this part) of a  
16 child who fails to cooperate with any agency or official of the  
17 State in obtaining such support payments for such child.  
18 Nothing in this subsection shall be construed to make an other-  
19 wise eligible child ineligible for protective payments because  
20 of the failure of such parent (or such other individual) to so  
21 cooperate.”.

22       (8) Section 402(a)(17), (18), (21), and (22), and  
23 section 410 of such Act are repealed.

24                   Conforming Amendments to Title XI

25       (d) Section 1106 of such Act is amended—

1           (1) by striking out the period at the end of the first  
2 sentence of subsection (a) and inserting in lieu thereof  
3 the following: "and except as provided in part D of title  
4 IV of this Act.";

5           (2) by adding at the end of subsection (b) the  
6 following new sentence: "Notwithstanding the preceding  
7 provisions of this subsection, requests for information  
8 made pursuant to the provisions of part D of title IV  
9 of this Act for the purpose of using Federal records  
10 for locating parents shall be complied with and the cost  
11 incurred in providing such information shall be paid  
12 for as provided in such part D of title IV."; and

13           (3) by striking out subsection (c).

14           *Appointment of Assistant Secretary for Child Support*

15           (e)(1) There shall be in the Department of Health, Ed-  
16 ucation, and Welfare an Assistant Secretary of Health, Edu-  
17 cation, and Welfare for Child Support who shall be ap-  
18 pointed by the President, by and with the advice and consent  
19 of the Senate.

20           (2) Section 5315 of title 5, United States Code, is  
21 amended by adding at the end thereof the following new item:

22           “(98) Assistant Secretary for Child Support, De-  
23 partment of Health, Education, and Welfare.”.

24           *Authorization of Appropriations*

25           (f) There are authorized to be appropriated to the Sec-  
26 retary of Health, Education, and Welfare such sums as may

1 be necessary to plan and prepare for the implementation of  
2 the program established by this section.

3 *Effective Date*

4 (g) The amendments made by this section shall become  
5 effective on July 1, 1974, except that section 459 of the Social  
6 Security Act, as added by subsection (a) of this section shall  
7 become effective on January 1, 1974, and subsections (e) and  
8 (f) of this section shall become effective upon the date of  
9 enactment of this Act.

10 *PART G—AID TO FAMILIES WITH DEPENDENT*

11 *CHILDREN*

12 *PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO*  
13 *RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT*  
14 *CHILDREN*

15 *SEC. 161. (a) Section 402(a)(8)(B) of the Social*  
16 *Security Act is amended by inserting “, and shall, before*  
17 *disregarding the amounts referred to in subparagraph (A)*  
18 *and clauses (i) and (ii) of this subparagraph, disregard*  
19 *an amount equal to 5 per centum of any income received*  
20 *in the form of monthly insurance benefits paid under title*  
21 *II” immediately after “\$5 per month of any income”.*

22 (b) Any State plan approved under part A of title  
23 IV of the Social Security Act shall be deemed to contain  
24 a provision (relating to the disregarding of income) which  
25 complies with the requirement imposed with respect to any  
26 such plan under the amendment made by subsection (a).



1       (c) *The amendments made by this section shall be ef-*  
2 *fective in the case of monthly insurance benefits under title*  
3 *II of the Social Security Act for months on and after the*  
4 *first month for which the regular payment of such benefits*  
5 *includes the increase in social security benefits made by*  
6 *reason of the enactment of Public Law 93-66 and the amend-*  
7 *ments made thereto by section 101 of this Act.*

8                   DISREGARD OF INCOME UNDER AFDC

9       SEC. 162. (a) *Section 402(a)(8)(A)(ii) of the Social*  
10 *Security Act is amended by striking out everything that*  
11 *follows "determination," and inserting in lieu thereof the*  
12 *following: "(I) the first \$60 of earned income for indi-*  
13 *viduals who are employed at least 40 hours per week, or at*  
14 *least 35 hours per week and are earning at least \$64 per*  
15 *week, and (II) the first \$30 of earned income for other*  
16 *individuals, plus in each case, one-third of up to \$300 of*  
17 *additional earnings, and one-fifth of such additional earnings*  
18 *in excess of \$300, except that in each case an amount equal*  
19 *to the reasonable child care expenses incurred (subject to*  
20 *such limitations as the Secretary may prescribe in regula-*  
21 *tions) shall first be deducted before computing such individ-*  
22 *ual's earned income (except that the provisions of this clause*  
23 *(ii) shall not apply to earned income derived from par-*  
24 *ticipation on a project maintained under the programs estab-*  
25 *lished by section 432(b)(2) and (3); and".*

1       (b) Section 402(a)(7) of such Act, as amended by  
2 section 111(e) of this Act, is further amended by striking  
3 out everything that follows “as well as any” and inserting  
4 in lieu thereof the following: “child care expenses reasonably  
5 attributable to the earning of any such income;”.

6           COMMUNITY WORK AND TRAINING PROGRAMS

7       SEC. 163. Section 204(c)(2) of the Social Security  
8 Amendments of 1967 is repealed, effective January 1, 1974.

9           STATE DEMONSTRATION PROJECTS

10       SEC. 164. Section 1115 of the Social Security Act is  
11 amended—

12           (1) by inserting “(a)” after “SEC. 1115.”;

13           (2) by redesignating subsections (a) and (b) as  
14 paragraphs (1) and (2), respectively; and

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

17       “(b)(1) In order to permit the States to achieve more  
18 efficient and effective use of funds for public assistance, to  
19 reduce dependency, and to improve the living conditions and  
20 increase the incomes of individuals who are recipients of  
21 public assistance, any State having an approved plan under  
22 part A of title IV may, subject to the provisions of this sub-  
23 section, establish and conduct not more than three demonstra-  
24 tion projects. In establishing and conducting any such project  
25 the State shall—

1           “(A) provide that not more than one such project  
2           be conducted on a statewide basis;

3           “(B) provide that in making arrangements for  
4           public service employment—

5                 “(i) appropriate standards for the health,  
6                 safety, and other conditions applicable to the per-  
7                 formance of work and training on such project are  
8                 established and will be maintained,

9                 “(ii) such project will not result in the displace-  
10                ment of employed workers,

11               “(iii) with respect to such project the condi-  
12               tions of work, training, education, and employment  
13               are reasonable in the light of such factors as the type  
14               of work, geographical region, and proficiency of  
15               the participant, and

16               “(iv) appropriate workmen’s compensation  
17               protection is provided to all participants;

18           “(C) provide that participation in any such proj-  
19           ect by any individual receiving aid to families with  
20           dependent children be voluntary.

21           “(2) Any State which establishes and conducts demon-  
22           stration projects under this subsection, may, with respect to  
23           any such project—

24               “(A) waive, subject to paragraph (3), any or all  
25               of the requirements of sections 402(a)(1) (relating to

1     *Statewide operation), 402(a)(3) (relating to adminis-*  
2     *tration by a single State agency), 402(a)(8) (relating*  
3     *to disregard of earned income), except that no such*  
4     *waiver of 402(a)(8) shall operate to waive any amount*  
5     *in excess of one-half of the earned income of any individ-*  
6     *ual, and 402(a)(19) (relating to the work incentive*  
7     *program);*

8             *“(B) subject to paragraph (4) use to cover the*  
9     *costs of such projects such funds as are appropriated*  
10    *for payment to any such State with respect to the assist-*  
11    *ance which is or would, except for participation in a*  
12    *project under this subsection, be payable to individuals*  
13    *participating in such projects under part A of title IV for*  
14    *any fiscal year in which such demonstration projects are*  
15    *conducted; and*

16            *“(C) use such funds as are appropriated for pay-*  
17    *ments to States under the State and Local Fiscal As-*  
18    *istance Act of 1972 (86 Stat. 919) for any fiscal year*  
19    *in which such demonstration projects are conducted to*  
20    *cover so much of the costs of salaries for individuals par-*  
21    *ticipating in public service employment as is not covered*  
22    *through the use of funds made available under subpara-*  
23    *graph (B).*

24            *“(3) Notwithstanding the provisions of paragraph*  
25    *(2)(A), the Secretary may review any waiver made by a*

1 State under such paragraph. Upon a finding that any such  
2 waiver is inconsistent with the purposes of this subsection and  
3 the purposes of part A of title IV, the Secretary may disap-  
4 prove such waiver. The demonstration project under which  
5 any such disapproved waiver was made by such State shall  
6 be terminated not later than the last day of the month following  
7 the month in which such waiver was disapproved.

8       “(4) Any amount payable to a State under section  
9 403(a) on behalf of an individual participating in a project  
10 under this section shall not be increased by reason of the par-  
11 ticipation of such individual in any demonstration project con-  
12 ducted under this subsection over the amount which would  
13 be payable if such individual were receiving aid to families  
14 with dependent children and not participating in such project.

15       “(5) Participation in a project established under this  
16 section shall not be considered to constitute employment for  
17 purposes of any finding with respect to ‘unemployment’ as  
18 that term is used in section 407.

19       “(6) Any demonstration project established and con-  
20 ducted pursuant to the provisions of this subsection shall be  
21 conducted for not longer than two years. All demonstration  
22 projects established and conducted pursuant to the provisions  
23 of this subsection shall be terminated not later than June 30,  
24 1976.”

1 *PART H—AMENDMENTS TO MEDICAID AND MEDICARE*  
2 *PROGRAMS*

3 *MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY*  
4 *INCOME RECIPIENTS*

5 *Beneficiaries*

6 *SEC. 171. (a)(1) Section 1901 of the Social Security*  
7 *Act (as amended by Public Law 92-603) is amended by*  
8 *striking out “permanently and totally disabled” and insert-*  
9 *ing “disabled” in lieu thereof.*

10 *(2) Section 1902(a)(5) of such Act is amended by—*

11 *(A) striking out the comma after “administer the*  
12 *plan” and inserting a semicolon in lieu thereof; and*

13 *(B) striking out “XVI (insofar as it relates to the*  
14 *aged)” and inserting “XVI (insofar as it relates to the*  
15 *aged) if the State is eligible to participate in the State*  
16 *plan program established under title XVI, or by the*  
17 *agency or agencies administering the supplemental secu-*  
18 *rity income program established under title XVI or the*  
19 *State plan approved under part A of title IV if the State*  
20 *is not eligible to participate in the State plan program*  
21 *established under title XVI” in lieu thereof.*

22 *(3) Section 1902(a)(10) of such Act is amended to read*  
23 *as follows:*

24 *“(10) provide—*

25 *“(A) for making medical assistance available*

1 to all individuals receiving aid or assistance under  
2 any plan of the State approved under title I, X,  
3 XIV, or XVI, or part A of title IV, or with respect  
4 to whom supplemental security income benefits are  
5 being paid under title XVI;

6 “(B) that the medical assistance made avail-  
7 able to any individual described in clause (A)—

8 “(i) shall not be less in amount, duration,  
9 or scope than the medical assistance made avail-  
10 able to any other such individual, and

11 “(ii) shall not be less in amount, duration,  
12 or scope than the medical assistance made avail-  
13 able to individuals not described in clause (A);  
14 and

15 “(C) if medical assistance is included for any  
16 group of individuals who are not described in clause  
17 (A) and who do not meet the income and resources  
18 requirements of the appropriate State plan, or the  
19 supplemental security income program under title  
20 XVI, as the case may be, as determined in accord-  
21 ance with standards prescribed by the Secretary—

22 “(i) for making medical assistance avail-  
23 able to all individuals who would, except for  
24 income and resources, be eligible for aid or  
25 assistance under any such State plan or to have

1           *paid with respect to them supplemental security*  
2           *income benefits under title XVI, and who have*  
3           *insufficient (as determined in accordance with*  
4           *comparable standards) income and resources*  
5           *to meet the costs of necessary medical and*  
6           *remedial care and services, and*

7                   *“(ii) that the medical assistance made*  
8                   *available to all individuals not described in*  
9                   *clause (A) shall be equal in amount, duration,*  
10                   *and scope;*

11           *except that (I) the making available of the services*  
12           *described in paragraph (4), (14), or (16) of section*  
13           *1905(a) to individuals meeting the age requirements*  
14           *prescribed therein shall not, by reason of this paragraph*  
15           *(10), require the making available of any such services,*  
16           *or the making available of such services of the same*  
17           *amount, duration, and scope, to individuals of any other*  
18           *ages, (II) the making available of supplementary medi-*  
19           *cal insurance benefits under part B of title XVIII to*  
20           *individuals eligible therefor (either pursuant to an agree-*  
21           *ment entered into under section 1843 or by reason of*  
22           *the payment of premiums under such title by the State*  
23           *agency on behalf of such individuals), or provision for*  
24           *meeting part or all of the cost of deductibles, cost sharing,*  
25           *or similar charges under part B of title XVIII for*



1       *individuals eligible for benefits under such part, shall*  
2       *not, by reason of this paragraph (10), require the*  
3       *making available of any such benefits, or the making*  
4       *available of services of the same amount, duration, and*  
5       *scope, to any other individuals, and (III) the making*  
6       *available of medical assistance equal in amount, dura-*  
7       *tion, and scope to the medical assistance made available*  
8       *to individuals described in clause (A) to any classifica-*  
9       *tion of individuals approved by the Secretary with re-*  
10       *spect to whom there is being paid, or who are eligible,*  
11       *or would be eligible if they were not in a medical institu-*  
12       *tion, to have paid with respect to them, a State supple-*  
13       *mentary payment shall not, by reason of this paragraph*  
14       *(10), require the making available of any such assist-*  
15       *ance, or the making available of such assistance of the*  
16       *same amount, duration, and scope, to any other indi-*  
17       *viduals not described in clause (A);”.*

18       (4) Section 1902(a)(13)(B) of such Act is amended  
19       by striking out “the State’s plan approved under title I, X,  
20       XIV, or XVI, or part A of title IV” and inserting “any  
21       plan of the State approved under title I, X, XIV, or XVI,  
22       or part A of title IV, or with respect to whom supplemental  
23       security income benefits are being paid under title XVI” in  
24       lieu thereof.

25       (5) Section 1902(a)(14)(A) of such Act is amended

1 by striking out “a State plan approved under title I, X,  
2 XIV, or XVI, or part A of title IV, or who meet the income  
3 and resources requirements of the one of such State plans  
4 which is appropriate” and inserting “any plan of the State  
5 approved under title I, X, XIV, or XVI, or part A of title  
6 IV, or with respect to whom supplemental security income  
7 benefits are being paid under title XVI, or who meet the in-  
8 come and resources requirements of the appropriate State  
9 plan, or the supplemental security income program under  
10 title XVI, as the case may be, and individuals with respect  
11 to whom there is being paid, or who are eligible, or would be  
12 eligible if they were not in a medical institution, to have paid  
13 with respect to them, a State supplementary payment and are  
14 eligible for medical assistance equal in amount, duration,  
15 and scope to the medical assistance made available to individ-  
16 uals described in paragraph (10)(A)” in lieu thereof.

17 (6) Section 1902(a)(14)(B) of such Act is amended  
18 by—

19 (A) inserting “(other than individuals with respect  
20 to whom there is being paid, or who are eligible or would  
21 be eligible if they were not in a medical institution, to  
22 have paid with respect to them, a State supplementary  
23 payment and are eligible for medical assistance equal in  
24 amount, duration, and scope to the medical assistance  
25 made available to individuals described in paragraph

1       (10)(A))” immediately after “with respect to individ-  
2       uals”;

3           (B) inserting “and with respect to whom supple-  
4       mental security income benefits are not being paid under  
5       title XVI” immediately after “any such State plan”;

6           (C) striking out “the one of such State plans which is  
7       appropriate” and inserting “the appropriate State plan,  
8       or the supplemental security income program under title  
9       XVI, as the case may be,” in lieu thereof; and

10          (D) striking out “or who, after December 31, 1973,  
11       are included under the State plan for medical assistance  
12       pursuant to section 1902(a)(10)(B) approved under  
13       title XIX”.

14       (7) Section 1902(a)(17) of such Act is amended by—

15           (A) striking out “the State’s plan approved under  
16       title I, X, XIV, or XVI, or part A of title IV” and in-  
17       serting “any plan of the State approved under title I, X,  
18       XIV, or XVI, or part A of title IV, and with respect to  
19       whom supplemental security income benefits are not being  
20       paid under title XVI” in lieu thereof;

21           (B) striking out “if he met the requirements as  
22       to need” and inserting “except for income and re-  
23       sources” in lieu thereof;

24           (C) striking out “a State plan approved under  
25       title I, X, XIV, or XVI, or part A of title IV” and

1       inserting “any plan of the State approved under title  
2       I, X, XIV, or XVI, or part A of title IV, or to have  
3       paid with respect to him supplemental security income  
4       benefits under title XVI” in lieu thereof; and

5               (D) striking out “and amount of such aid or as-  
6       sistance under such plan” and inserting “such aid, as-  
7       sistance, or benefits” in lieu thereof.

8       (8) Sections 1902(a)(17) and 1902(a)(18) are each  
9       amended by striking out “is blind or permanently and totally  
10      disabled” and inserting “(with respect to States eligible to par-  
11      ticipate in the State program established under title XVI), is  
12      blind or permanently and totally disabled, or is blind or  
13      disabled as defined in section 1614 (with respect to States  
14      which are not eligible to participate in such program)”  
15      in lieu thereof.

16      (9) Section 1902(a)(20)(C) of such Act is amended  
17      by inserting “, section 603(a)(1)(A) (i) and (ii),” im-  
18      mediately after “section 3(a)(4)(A) (i) and (ii)”.

19      (10) Section 1902(f) of such Act is amended by—

20               (A) inserting “not eligible to participate in the  
21      State plan program established under title XVI” immedi-  
22      ately after “State” the first time it appears therein;

23               (B) striking out “such individual’s payment  
24      under title XVI” and inserting “any supplemental  
25      security income payment and State supplementary pay-

1        *ment made with respect to such individual” in lieu there-*  
2        *of;*

3        *(C) striking out “as defined in section 213 of the*  
4        *Internal Revenue Code of 1954” and inserting “as rec-*  
5        *ognized under State law” in lieu thereof; and*

6        *(D) inserting at the end thereof the following new*  
7        *sentences: “In States which provide medical assistance*  
8        *to individuals pursuant to clause (10)(C) of subsection*  
9        *(a) of this section, an individual who is eligible for*  
10        *medical assistance by reason of the requirements of this*  
11        *section concerning the deduction of incurred medical ex-*  
12        *penses from income shall be considered an individual*  
13        *eligible for medical assistance under clause (10)(A) of*  
14        *that subsection if that individual is, or is eligible to be (1)*  
15        *an individual with respect to whom there is payable a*  
16        *State supplementary payment on the basis of which simi-*  
17        *larly situated individuals are eligible to receive medical*  
18        *assistance equal in amount, duration, and scope to that*  
19        *provided to individuals eligible under clause (10)(A),*  
20        *or (2) an eligible individual or eligible spouse, as defined*  
21        *in title XVI, with respect to whom supplemental security*  
22        *income benefits are payable; otherwise that individual*  
23        *shall be considered to be an individual eligible for medical*  
24        *assistance under clause (10)(C) of that subsection. In*  
25        *States which do not provide medical assistance to indi-*

1       viduals pursuant to clause (10)(C) of that subsection,  
2       an individual who is eligible for medical assistance by  
3       reason of the requirements of this section concerning the  
4       deduction of incurred medical expenses from income shall  
5       be considered an individual eligible for medical assistance  
6       under clause (10)(A) of that subsection.”.

7       (11) Section 1903(a)(1) of such Act is amended by  
8       striking out “individuals who are recipients of money pay-  
9       ments under a State plan approved under title I, X, XIV, or  
10      XVI, or part A of title IV” and inserting “individuals who  
11      are eligible for medical assistance under the plan and (A)  
12      are receiving aid or assistance under any plan of the State  
13      approved under title I, X, XIV, or XVI, or part A of title  
14      IV, or with respect to whom supplemental security income  
15      benefits are being paid under title XVI, or (B) with respect  
16      to whom there is being paid a State supplementary payment  
17      and are eligible for medical assistance equal in amount, dura-  
18      tion, and scope to the medical assistance made available to  
19      individuals described in section 1902(a)(10)(A)” in lieu  
20      thereof.

21      (12) Section 1903(f)(4) of such Act is amended to  
22      read as follows:

23      “(4) The limitations on payment imposed by the pre-  
24      ceding provisions of this subsection shall not apply with

1 *respect to any amount expended by a State as medical assist-*  
2 *ance for any individual—*

3       “(A) *who is receiving aid or assistance under any*  
4 *plan of the State approved under title I, X, XIV, or*  
5 *XVI, or part A of title IV, or with respect to whom*  
6 *supplemental security income benefits are being paid un-*  
7 *der title XVI, or*

8       “(B) *who is not receiving such aid or assistance,*  
9 *and with respect to whom such benefits are not being*  
10 *paid, but (i) is eligible to receive such aid or assistance,*  
11 *or to have such benefits paid with respect to him, or (ii)*  
12 *would be eligible to receive such aid or assistance, or*  
13 *to have such benefits paid with respect to him if he were*  
14 *not in a medical institution, or*

15       “(C) *with respect to whom there is being paid, or*  
16 *who is eligible, or would be eligible if he were not in*  
17 *a medical institution, to have paid with respect to him,*  
18 *a State supplementary payment and is eligible for medi-*  
19 *cal assistance equal in amount, duration, and scope to*  
20 *the medical assistance made available to individuals*  
21 *described in section 1902(a)(10)(A), but only if the*  
22 *income of such individual (as determined under section*  
23 *1612, but without regard to subsection (b) thereof) does*  
24 *not exceed 300 percent of the supplemental security in-*  
25 *come benefit rate established by section 1611(b)(1),*

1 *at the time of the provision of the medical assistance giving*  
2 *rise to such expenditure.”*

3       (13) *The matter before clause (i) in section 1905(a)*  
4 *of such Act is amended by striking out “individuals not*  
5 *receiving aid or assistance under the State’s plan approved*  
6 *under title I, X, XIV, or XVI, or part A of title IV” and*  
7 *inserting “individuals (other than individuals with respect*  
8 *to whom there is being paid, or who are eligible, or would*  
9 *be eligible if they were not in a medical institution, to have*  
10 *paid with respect to them a State supplementary payment*  
11 *and are eligible for medical assistance equal in amount,*  
12 *duration, and scope to the medical assistance made available*  
13 *to individuals described in section 1902(a)(10)(A)) not*  
14 *receiving aid or assistance under any plan of the State ap-*  
15 *proved under title I, X, XIV, or XVI, or part A of title*  
16 *IV, and with respect to whom supplemental security income*  
17 *benefits are not being paid under title XVI” in lieu thereof.*

18       (14) *Section 1905(a)(iv) of such Act is amended by*  
19 *inserting “with respect to States eligible to participate in the*  
20 *State plan program established under title XVI,” at the end*  
21 *thereof.*

22       (15) *Section 1905(a)(v) of such Act is amended by*  
23 *striking out “or” and inserting “with respect to States eligi-*  
24 *ble to participate in the State plan program established under*  
25 *title XVI,” in lieu thereof.*



1       (16) Section 1905(a)(vi) of such Act is amended by  
2 inserting "or" at the end thereof.

3       (17) Section 1905(a) of such Act is further amended  
4 by inserting immediately after clause (vi) the following new  
5 clause:

6               “(vii) blind or disabled as defined in section 1614,  
7 with respect to States not eligible to participate in the  
8 State plan program established under title XVI,”.

9       (18) Section 1905 of such Act is amended by inserting  
10 at the end thereof the following new subsections:

11               “(j) The term ‘State supplementary payment’ means  
12 any cash payment made by a State on a regular basis to an  
13 individual who is receiving supplemental security income  
14 benefits under title XVI or who would but for his income  
15 be eligible to receive such benefits, as assistance based on need  
16 in supplementation of such benefits (as determined by the  
17 Secretary), but only to the extent that such payments are  
18 made with respect to an individual with respect to whom sup-  
19 plemental security income benefits are payable under title  
20 XVI, or would but for his income be payable under that  
21 title.

22               “(k) Increased supplemental security income benefits  
23 payable pursuant to section 211 of Public Law 93-66 shall  
24 not be considered supplemental security income benefits pay-  
25 able under title XVI.”.

1 *Technical Clarification and Modification of Medicaid Eligi-*  
2 *bility and Federal Title XIX Matching Under Public*  
3 *Law 93-66*

4 *(b)(1)(A) Clause (2)(A) of section 231 of Public*  
5 *Law 93-66 is amended by—*

6 *(i) inserting “received or” immediately before*  
7 *“would”, and*

8 *(ii) striking out “or” at the end thereof and in-*  
9 *serting “and” in lieu thereof.*

10 *(B) Clause (2)(B) of that section is amended by—*

11 *(i) striking out “was”, and*

12 *(ii) striking out “need for care in such institution;*  
13 *considered to be eligible for aid or assistance under a*  
14 *State plan (referred to in subparagraph (A)) for pur-*  
15 *poses of determining his eligibility” and inserting “status*  
16 *as described in subparagraph (A), was included as an*  
17 *individual eligible” in lieu thereof.*

18 *(2) The first sentence of section 232 of Public Law*  
19 *93-66 is amended by—*

20 *(A) striking out “(under the provisions of sub-*  
21 *paragraph (B) of such section)”*,

22 *(B) striking out “to be a person described as being*  
23 *a person who ‘would, if needy, be eligible for aid or*  
24 *assistance under any such State plan’ in subparagraph*  
25 *(B)(i) of such section” and inserting “for purposes of*

1 title XIX to be an individual who is blind or disabled  
2 within the meaning of section 1614(a) of the Social  
3 Security Act" in lieu thereof, and

4 (C) inserting "and the other conditions of eligi-  
5 bility contained in the plan of the State approved under  
6 title XIX (as it was in effect in December 1973)" before  
7 the period at the end thereof.

8 *Medicaid Eligibility for Individuals Receiving Mandatory*  
9 *State Supplementary Payments*

10 (c) In addition to other requirements imposed by law as  
11 conditions for the approval of any State plan under title XIX  
12 of the Social Security Act, there is hereby imposed (effective  
13 January 1, 1974) the requirement (and each such State  
14 plan shall be deemed to require) that medical assistance  
15 under such plan shall be provided to any individual—

16 (1) for any month for which there (A) is payable  
17 with respect to such individual a supplementary payment  
18 pursuant to an agreement entered into between the State  
19 and the Secretary of Health, Education, and Welfare  
20 under section 212(a) of Public Law 93-66, and (B)  
21 would be payable with respect to such individual such a  
22 supplementary payment, if the amount of the supple-  
23 mentary payments payable pursuant to such agreement  
24 were established without regard to paragraph (3)(A)  
25 (ii) of such section 212(a), and

1           (2) in like manner, and subject to the same terms and  
 2 conditions, as medical assistance is provided under  
 3 such plan to individuals with respect to whom benefits  
 4 are payable for such month under the supplementary  
 5 security income program established by title XVI of  
 6 the Social Security Act.

7 Federal matching under title XIX of the Social Security  
 8 Act shall be available for the medical assistance furnished  
 9 to individuals who are eligible for such assistance under this  
 10 subsection.

#### 11                                   Effective Dates

12           (d) The amendments made by subsection (a) shall be  
 13 effective with respect to payments under section 1903 of the  
 14 Social Security Act for calendar quarters commencing after  
 15 December 31, 1973.

#### 16           STANDARDS FOR PAYMENTS UNDER MEDICAID TO 17                                   HEALTH MAINTENANCE ORGANIZATIONS

18           SEC. 172. Section 1903 of such Act is amended by  
 19 inserting at the end thereof the following new subsection:

20           “(1) Payment under the preceding provisions of this  
 21 section shall be made with respect to any amount expended  
 22 during calendar quarters commencing after June 30, 1974  
 23 by a State as payment on a per capita or similar basis for  
 24 the provision of medical assistance only if—

25           “(1) the entity to which such payment is made

1        *meets the definition of a health maintenance organization*  
2        *contained in section 1876(b), other than the provisions*  
3        *of clauses (2), (3), and (7),*

4            *“(2) provides physicians’ services primarily (A)*  
5        *directly through physicians who are either employees*  
6        *or partners of such entity, or (B) under formal con-*  
7        *tractual arrangements with one or more groups of phy-*  
8        *sicians (organized on a group practice or individual*  
9        *practice basis) under which each such group is reim-*  
10       *bursed for its services primarily on the basis of an ag-*  
11       *gregate fixed sum or on a per capita basis, regardless of*  
12       *whether the individual physician members of any such*  
13       *group are paid on a fee-for-service or other basis;*

14            *“(3) provides either directly or through formal con-*  
15       *tractual arrangements with others all the services covered*  
16       *under the State plan, except to the extent that the State*  
17       *shall have secured from the Secretary a waiver with re-*  
18       *spect to any particular service, which waiver shall not be*  
19       *approved by the Secretary unless the State provides as-*  
20       *surances satisfactory to the Secretary that an alternative*  
21       *arrangement will be provided for the provision of such*  
22       *service to individuals receiving medical assistance through*  
23       *such entity;*

24            *“(4) of the enrolled members of such entity not less*  
25       *than (A) 50 per centum of such members (in case such*

1     *entity is not an entity described in clause (B)) are in-*  
2     *dividuals who are neither entitled to benefits under title*  
3     *XVIII nor eligible for medical assistance under the*  
4     *State plan approved under this title, or (B) in case*  
5     *such entity serves a geographic area in which individ-*  
6     *uals (referred to in clause (A)) constitute less than 50*  
7     *per centum of the total population, a per centum equal*  
8     *to whichever of the following is the larger: (i) a per*  
9     *centum of such members equal to the per centum of such*  
10    *total population which consists of such individuals, or*  
11    *(ii) 25 per centum of such members; and*

12         *“(5) such payment is made under a contract or*  
13         *other arrangement which has been approved in advance*  
14         *by the Secretary and which meets requirements imposed*  
15         *by regulations which the Secretary shall prescribe for the*  
16         *purpose of assuring that payments by a State on a per*  
17         *capita or similar basis for the provision of medical as-*  
18         *istance are subject to substantially the same requirements*  
19         *as those imposed by subsections (a) and (i) of section*  
20         *1876 with respect to title XVIII, except that, notwith-*  
21         *standing the provisions of section 1876(i)(2)(A), such*  
22         *regulations may authorize a risk sharing contract or*  
23         *arrangement with an otherwise qualified entity which*  
24         *has a current enrollment of at least 5,000 members on a*  
25         *prepaid capitation or similar basis.”.*

1           *PAYMENTS TO SUBSTANDARD FACILITIES UNDER*  
 2   *MEDICAID*

3           *SEC. 173. Section 1616 of the Social Security Act is*  
 4 *amended by adding at the end thereof the following new*  
 5 *subsection:*

6           “(e) *Payments made under this title with respect to an in-*  
 7 *dividual shall be reduced by an amount equal to the amount*  
 8 *of any supplementary payment (as described in subsection*  
 9 *(a)) or other payment made by a State (or political sub-*  
 10 *division thereof) which is made for or on account of any*  
 11 *medical or any other type of remedial care provided by an*  
 12 *institution to such individual as an inpatient of such institu-*  
 13 *tion in the case of any State which has a plan approved under*  
 14 *title XIX of this Act if such care is (or could be) provided*  
 15 *under a State plan approved under title XIX of this Act by*  
 16 *an institution certified under such title XIX.”.*

17           *MEDICAID MATCHING FOR EXPENDITURES WITH*  
 18   *RESPECT TO CERTAIN INDIANS*

19           *SEC. 174. (a) Section 1903 of the Social Security Act*  
 20 *is amended by inserting immediately after subsection (d)*  
 21 *thereof the following new subsection:*

22           “(e) *With respect to amounts expended during any*  
 23 *quarter (commencing with the calendar quarter which begins*  
 24 *on January 1, 1974) as medical assistance under the State*  
 25 *plan (including amounts for premiums as described in sub-*

1 *section (a)(1)) in providing services to any individual who,*  
2 *at any time during the twelve-month period ending with the*  
3 *month preceding the month in which he received such serv-*  
4 *ices resided on or adjacent to a Federal Indian reservation,*  
5 *and was eligible for comprehensive health services under the*  
6 *Indian Health Service program conducted within the Public*  
7 *Health Service, the Federal medical assistance percentage*  
8 *shall be increased to 100 per centum.”.*

9 *(b) Section 1903 (a)(1) of such Act is amended by*  
10 *striking out “subsections (g) and (h)” and inserting in lieu*  
11 *thereof “subsections (g), (e), and (h)”.*

12 *CERTAIN STATES DEEMED TO HAVE PLANS APPROVED*

13 *UNDER TITLE XIX*

14 *SEC. 175. (a) In the case of any State (as that term is*  
15 *used in title XIX of the Social Security Act) which on*  
16 *October 1, 1973, did not have in effect a State plan ap-*  
17 *proved under such title, such State shall, for any calendar*  
18 *quarter which commences on or after January 1, 1974, be*  
19 *entitled (subject to subsection (b)) to payments under section*  
20 *1903(a)(1) of such Act with respect to expenditures (made*  
21 *during such quarter) for premiums under part B of title*  
22 *XVIII of such Act (as described in such section) in like*  
23 *manner as if such State had, for such quarter, had in effect*  
24 *such a State plan and as if such expenditures were made*  
25 *under such State plan.*



1       (b) *Payments to any State under subsection (a) shall*  
2 *be conditioned upon such State's keeping (and making avail-*  
3 *able to the Secretary of Health, Education, and Welfare)*  
4 *such records and accounts with respect to the expenditures*  
5 *on account of which such payments are made as the Secre-*  
6 *tary shall require in order to assure that such payments are*  
7 *made subject to substantially the same terms and conditions*  
8 *as those applicable to payments, with respect to such expendi-*  
9 *tures, which are payable under title XIX of the Social*  
10 *Security Act to States which have State plans approved*  
11 *thereunder.*

12 *PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A*  
13 *TEACHING HOSPITAL*

14       *SEC. 176. (a)(1) Notwithstanding any other provision*  
15 *of law, the provisions of section 1861(b) of the Social Secu-*  
16 *rity Act, shall, subject to subsection (b) of this section, for*  
17 *the period with respect to which this paragraph is applicable,*  
18 *be administered as if paragraph (7) of such section read as*  
19 *follows:*

20           *“(7) a physician where the hospital has a teaching*  
21 *program approved as specified in paragraph (6), if (A)*  
22 *the hospital elects to receive any payment due under this*  
23 *title for reasonable costs of such services, and (B) all*  
24 *physicians in such hospital agree not to bill charges for*  
25 *professional services rendered in such hospital to individ-*

1       uals covered under the insurance program established by  
2       this title.”.

3       (2) Notwithstanding any other provision of law, the  
4       provisions of section 1832(a)(2)(B)(i) of the Social Secu-  
5       rity Act, shall, subject to subsection (b) of this section, for  
6       the period with respect to which this paragraph is applicable,  
7       be administered as if subclause II of such section read as  
8       follows:

9               “(II) a physician to a patient in a hospital  
10              which has a teaching program approved as specified  
11              in paragraph (6) of section 1861(b) (including  
12              services in conjunction with the teaching programs of  
13              such hospital whether or not such patient is an in-  
14              patient of such hospital), where the conditions speci-  
15              fied in paragraph (7) of such section are met, and”.

16       (b) The provisions of subsection (a) shall not be deemed  
17       to render improper any determination of payment under  
18       title XVIII of the Social Security Act for any service pro-  
19       vided prior to the enactment of this Act.

20       (c)(1) The Secretary of Health, Education, and Wel-  
21       fare shall submit to the Congress a report of his findings  
22       and recommendations, based on a study to be conducted as  
23       provided in paragraph (2), concerning appropriate and  
24       equitable methods of reimbursement for physicians’ services  
25       under titles XVIII and XIX of the Social Security Act in

1 hospitals which have a teaching program approved as spec-  
2 ified in section 1861(b)(6) of such Act not later than July  
3 1, 1974, except that the Secretary may, in accordance with  
4 subsection (d), submit such report not later than December  
5 31, 1974, if he finds that additional time is required to pre-  
6 pare such report.

7 (2) The Social Security Administration shall conduct  
8 the study required by paragraph (1). Such study shall be  
9 of a representative sample of hospitals to determine the extent  
10 to which individuals who are covered under titles XVIII or  
11 XIX of the Social Security Act, other Government pro-  
12 grams, and private programs incur expenses for physicians'  
13 professional services with respect to which payment is made  
14 on the basis of charges, the patient care practices of such  
15 hospitals (including the extent of physicians' professional  
16 services involved in such care), and the extent to which pay-  
17 ment is appropriate under titles XVIII and XIX of the  
18 Social Security Act with respect to physicians' professional  
19 services provided in such institutions.

20 (d) The provisions of subsection (a) shall apply with  
21 respect to cost accounting periods beginning after June 30,  
22 1973, and prior to June 30, 1974, except that if the Secre-  
23 tary of Health, Education, and Welfare determines that addi-  
24 tional time is required to prepare the report required by sub-  
25 section (c), he may, by regulation, extend the applicability

1 of the provisions of subsection (a) to cost accounting periods  
2 beginning prior to January 1, 1975.

3 *USE OF SOCIAL SECURITY ADMINISTRATION IN THE*  
4 *ADMINISTRATION OF MEDICARE*

5 *SEC. 181. (a) The first sentence of section 1874(a)*  
6 *of the Social Security Act is amended by striking out "shall*  
7 *be administered by the Secretary" and inserting in lieu thereof*  
8 *"and section 226 shall be administered by the Secretary; and*  
9 *the Secretary, in administering such programs, shall assign*  
10 *primary policy, operating, and general administrative re-*  
11 *sponsibility to the Commissioner of Social Security" im-*  
12 *mediately after "Secretary".*

13 *(b) No provision of law (including any such law*  
14 *relating to reorganization of the departments and agencies*  
15 *of the Government) enacted prior to the date of enactment*  
16 *of this Act shall be construed as authorizing any change*  
17 *in the effect of the amendment made by subsection (a).*

18 *REIMBURSEMENT UNDER MEDICARE FOR SERVICES WITH*  
19 *RESPECT TO COVERAGE BASED ON CHRONIC KIDNEY*  
20 *FAILURE*

21 *SEC. 182. (a) Section 226(g) of the Social Security*  
22 *Act is amended—*

- 23 *(1) by inserting "(1)" immediately after "(g)",*  
24 *(2) by striking out "the Secretary is authorized to"*  
25 *and inserting in lieu thereof "the Secretary shall",*

1           (3) by striking out "as he may" and inserting in  
2 lieu thereof "as he shall",

3           (4) by striking out "a medical" and inserting in  
4 lieu thereof "an independent medical", and

5           (5) by adding at the end thereof the following new  
6 paragraph:

7           “(2) Notwithstanding the provisions of section 1842  
8 (a), the Secretary is authorized to designate the organiza-  
9 tions to be used in making payments with respect to kidney  
10 dialysis services and to provide for payments for such serv-  
11 ices by applying such tests of reasonableness as he may find  
12 appropriate, including a test of relationship of charges to  
13 costs of providing such services. Notwithstanding the provi-  
14 sions of section 1842(b)(3), the Secretary is further au-  
15 thorized to provide for payments for such services on the  
16 basis of specific individual services and on services expected  
17 to be rendered over a period of time, and may apply such  
18 conditions to payment as he may find necessary to limit  
19 charges to patients in excess of those which he may find  
20 reasonable. With respect to services expected to be provided  
21 over a period of time, the Secretary may provide for payments  
22 on a retainer basis or such other basis as he may by regulation  
23 prescribe.”.

24           CAPITAL EXPENDITURES PLANNING

25           SEC. 183. (a) Section 1122(c) of the Social Security  
26 Act is amended by striking out "for the reasonable cost of

1 performing the functions specified in subsection (b)” and in-  
 2 serting in lieu thereof the following: “for the reasonable cost  
 3 of submitting to the Secretary reports of disapproved capital  
 4 expenditures together with the reasonable cost of processing  
 5 and adjudicating appeals from the recommendation made by  
 6 the designated agency concerning such expenditures”.

7 (b) Section 201(g)(1) of such Act is amended by insert-  
 8 ing immediately before the period at the end of the first sen-  
 9 tence the following: “, except that funds made available under  
 10 this subsection for fiscal years beginning after June 30, 1974,  
 11 shall not be used to pay the costs of any activity undertaken  
 12 pursuant to section 1122 except as provided by such section”.

#### 13 OCCUPATIONAL THERAPY UNDER MEDICARE

14 SEC. 184. (a) Section 1814(a)(2)(D) of the Social  
 15 Security Act is amended by inserting “, occupational,” imme-  
 16 diately after “physical”.

17 (b) Section 1835(a)(2)(A)(i) of such Act is amended  
 18 by inserting “, occupational,” immediately after “physical”.

19 (c) Section 1835(a)(2) of such Act is amended—

20 (1) by striking out the period at the end of clause

21 (D) and inserting in lieu thereof “; and”, and

22 (2) by adding after clause (D) the following new  
 23 clause:

24 “(E) in the case of outpatient occupational therapy  
 25 services, (i) such services are or were required because

1        *the individual needed occupational therapy services, (ii)*  
2        *a plan for furnishing such services has been established*  
3        *and is periodically reviewed by a physician, and (iii)*  
4        *such services are or were furnished while the individual*  
5        *is or was under the care of a physician.”.*

6        *(d) The last sentence of section 1861(p) of such Act is*  
7        *amended by inserting “and occupational therapy services”*  
8        *after “speech pathology services”.*

9        *(e) The amendment made by the preceding provisions*  
10       *of this section shall be applicable in the case of services fur-*  
11       *nished on and after the first day of the first month which*  
12       *begins not less than thirty days after the date of enactment of*  
13       *this Act.*

14       **BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED**

15                                **BY AGENCIES AND PROVIDERS**

16        *SEC. 185. In the administration of titles V, XVIII,*  
17        *and XIX of the Social Security Act, the amount payable*  
18        *under such title to any hospital, skilled nursing facility, or*  
19        *home health agency on account of services provided by such*  
20        *hospital, skilled nursing facility, or home health agency shall*  
21        *be determined (for any period with respect to which the*  
22        *amendments made by section 233 of Public Law 92-603*  
23        *would, except for the provisions of this section, be applicable)*  
24        *in like manner as if the date contained in the first and second*  
25        *sentences of subsection (f) of such section 233 were Decem-*  
26        *ber 31, 1973, rather than December 31, 1972.*

## OUTPATIENT SPEECH PATHOLOGY

1

2       *SEC. 186. (a) Section 1861(p) of the Social Security*  
3 *Act is amended by inserting immediately before the period*  
4 *at the end thereof the following: “, except that the require-*  
5 *ments of paragraph (2) insofar as they require a physician*  
6 *to establish a plan prescribing the type, amount, and dura-*  
7 *tion of speech pathology services to be furnished shall not apply*  
8 *if such a plan is established by the speech pathologist provid-*  
9 *ing such services”.*

10       *(b) The provisions of this section shall apply with re-*  
11 *spect to services rendered after the month in which this Act*  
12 *is enacted.*

## STATEWIDE PROFESSIONAL STANDARDS REVIEW

13

## ORGANIZATIONS

14  
15       *SEC. 187. Section 1152 of the Social Security Act is*  
16 *amended by adding at the end thereof the following new*  
17 *subsection:*

18       *“(g) In carrying out the provisions of this section, the*  
19 *Secretary may designate, as an appropriate area with re-*  
20 *spect to which a Professional Standards Review Organiza-*  
21 *tion may be designated, an area encompassing a whole State;*  
22 *and the Secretary shall not refuse to designate any qualified*  
23 *organization as the Professional Standards Review Organi-*  
24 *zation with respect to such area solely because of the number*  
25 *of physicians in such State.”.*



1 *PRIORITY IN DESIGNATION OF PROFESSIONAL STANDARDS*2 *REVIEW ORGANIZATIONS*

3 *SEC. 188. Section 1152(c) of the Social Security Act*  
 4 *is amended by adding after paragraph (2) the following new*  
 5 *paragraph:*

6 *“(3) The Secretary shall give priority to designa-*  
 7 *tion of local areas and priority in designation as the*  
 8 *Professional Standards Review Organization for any*  
 9 *area to an otherwise qualified organization proposed to*  
 10 *be established and operated at a local level.”.*

11 *STATEWIDE PROFESSIONAL STANDARDS REVIEW*12 *COUNCILS*

13 *SEC. 189. Section 1162 of the Social Security Act is*  
 14 *amended—*

15 *(1) by striking out in subsection (a) “three” and*  
 16 *inserting in lieu thereof “one”;*

17 *(2) by inserting in subsection (b) immediately after*  
 18 *“for any State” the following: “in which there are lo-*  
 19 *cated three or more Professional Standards Review*  
 20 *Organizations”;*

21 *(3) by redesignating paragraphs (1) through (3)*  
 22 *of subsection (b) as subparagraphs (A) through (C)*  
 23 *respectively, and by inserting “(1)” immediately after*  
 24 *“(b)” in subsection (b); and*

1           (4) by adding after subsection (b)(1), as redesign-  
2           nated, the following new paragraphs:

3           “(2) The membership of any such Council for any  
4           State in which there are located two Professional Standards  
5           Review Organizations shall be appointed by the Secretary  
6           and shall consist of—

7           “(A) two representatives from and designated by  
8           each Professional Standards Review Organization in  
9           the State;

10          “(B) four physicians, two of whom may be desig-  
11          nated by the State medical society and two of whom may  
12          be designated by the State hospital association of such  
13          State to serve as members on such Council; and

14          “(C) four persons knowledgeable in health care  
15          from such State whom the Secretary shall have selected  
16          as representatives of the public in such State (at least  
17          two of whom shall have been recommended for member-  
18          ship on the Council by the Governor of such State).

19          “(3) The membership of any such Council for any  
20          State in which there is located one Professional Standards  
21          Review Organization shall be appointed by the Secretary and  
22          shall consist of—

23          “(A) four physicians who shall be nominated by

1       *and elected from among the general membership of the*  
2       *Professional Standards Review Organization annually;*

3             *“(B) two physicians who may be designated by the*  
4       *State hospital association of such State to serve as mem-*  
5       *bers on such Council; and*

6             *“(C) four persons knowledgeable in health care*  
7       *from such State whom the Secretary shall have selected*  
8       *as representatives of the public in such State (at least*  
9       *two of whom shall have been recommended for member-*  
10       *ship on the Council by the Governor of such State).”*

11   *POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN RE-*  
12       *QUIREMENTS IMPOSED WITH RESPECT TO PAYMENT*  
13       *FOR PHYSICAL THERAPY SERVICES*

14       *SEC. 190. (a) In the administration of title XVIII of*  
15       *the Social Security Act, the amount payable thereunder with*  
16       *respect to physical therapy and other services referred to in*  
17       *section 1861(v)(5)(A) of such Act (as added by section*  
18       *151(c) of the Social Security Amendments of 1972) shall*  
19       *be determined (for the period with respect to which the*  
20       *amendment made by such section 151(c) would, except for*  
21       *the provisions of this section, be applicable) in like manner as*  
22       *if the “December 31, 1972”, which appears in such sub-*  
23       *section (d) (3) of such section 151, read “the month in which*

1 *there are promulgated, by the Secretary of Health, Education,*  
2 *and Welfare, final regulations implementing the provisions of*  
3 *section 1861(v)(5) of the Social Security Act”.*

4 *PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED*  
5 *BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM*

6 *SEC. 191. Section 1862(c) of the Social Security Act*  
7 *(as added by section 210 of the Social Security Amendments*  
8 *of 1972) is amended by striking out “January 1, 1975”*  
9 *and inserting in lieu thereof “January 1, 1976”.*

10 *STUDY REGARDING COVERAGE UNDER PART B OF MEDI-*  
11 *CARE FOR CERTAIN SERVICES PROVIDED BY OPTOME-*  
12 *TRISTS*

13 *SEC. 192. The Secretary of Health, Education, and*  
14 *Welfare shall conduct a study of, and submit to the Congress*  
15 *not later than six months after the date of enactment of this*  
16 *section a report containing his findings and recommendations*  
17 *with respect to the appropriateness of reimbursement under*  
18 *the insurance program established by part B of title*  
19 *XVIII of the Social Security Act, of services (but*  
20 *only to the extent any such services are presently not recog-*  
21 *nized for purposes of reimbursement) performed by doctors*  
22 *of optometry with respect to the provision of prosthetic lenses*  
23 *for patients with aphakia.*

1 TITLE II—CLERICAL AND CONFORMING  
2 AMENDMENTS TO SOCIAL SECURITY ACT  
3 IN GENERAL

4 *Inclusion of All Wage Level Increases in Automatic*  
5 *Adjustment of Earnings Test*

6 SEC. 201. (a) Section 203(f)(8)(B)(ii) of the Social  
7 Security Act is amended by—

8 (1) striking out “contribution and benefit base” and  
9 inserting “exempt amount” in lieu thereof; and

10 (2) striking out “section 230(a)” and inserting  
11 “subparagraph (A)” in lieu thereof.

12 *Inclusion in Old-Age Insurance Benefit in Certain Cases of*  
13 *Delayed Retirement*

14 (b) Section 202(w) of such Act is amended by inserting  
15 at the end thereof the following new paragraph:

16 “(5) If an individual’s primary insurance amount is  
17 determined under paragraph (3) of section 215(a) and, as  
18 a result of this subsection, he would be entitled to a higher  
19 old-age insurance benefit if his primary insurance amount  
20 were determined under section 215(a) without regard to  
21 such paragraph, such individual’s old-age insurance benefit  
22 based upon his primary insurance amount determined under  
23 such paragraph shall be increased by an amount equal to the  
24 difference between such benefit and the benefit to which he  
25 would be entitled if his primary insurance amount were de-

1 *terminated under such section without regard to such para-*  
2 *graph.”*

3 *Elimination of Benefits at Age 72 for Uninsured Individuals*

4 *Receiving Supplemental Security Income Benefits*

5 (c) *Section 228(d) of such Act is amended by inserting*  
6 *“and such individual is not an individual with respect to*  
7 *whom supplemental security income benefits are payable*  
8 *pursuant to title XVI or section 211 of Public Law 93-66*  
9 *for the following month, nor shall such benefit be paid for*  
10 *such month if such individual is an individual with respect*  
11 *to whom supplemental security income benefits are payable*  
12 *pursuant to title XVI or section 211 of Public Law 93-66*  
13 *for such month, unless the Secretary determines that such*  
14 *benefits are not payable with respect to such individual for the*  
15 *month following such month” immediately before the period*  
16 *at the end thereof.*

17 *Limitations on Eligibility Determinations Under Resources*

18 *Tests of State Plans*

19 (d) *Section 1611 of such Act (as amended by Public*  
20 *Law 92-603) is amended by striking out subsection (g) and*  
21 *inserting in lieu thereof the following new subsection:*

22 “(g) *In the case of any individual or any individual*  
23 *and his spouse (as the case may be) who—*

24 “(1) *received aid or assistance for December 1973*

1       under a plan of a State approved under title I, X, XIV,  
2       or XVI,

3               “(2) has, since December 31, 1973, continuously  
4       resided in the State under the plan of which he or they  
5       received such aid or assistance for December 1973, and

6               “(3) has, since December 31, 1973, continuously  
7       been (except for periods not in excess of six consecutive  
8       months) an eligible individual or eligible spouse with  
9       respect to whom supplemental security income benefits  
10       are payable,

11       the resources of such individual or such individual and his  
12       spouse (as the case may be) shall be deemed not to exceed  
13       the amount specified in sections 1611(a)(1)(B) and 1611  
14       (a)(2)(B) during any period that the resources of such  
15       individual or individuals and his spouse (as the case may  
16       be) does not exceed the maximum amount of resources speci-  
17       fied in the State plan, as in effect for October 1972, under  
18       which he or they received such aid or assistance for  
19       December 1973.”

20       *Limitations on Eligibility and Benefit Determinations Under*  
21       *Income Tests of State Plans for Aid to the Blind*

22               (e) Section 1611 of such Act is amended by striking out  
23       subsection (h) and inserting in lieu thereof the following new  
24       subsection:

25               “(h) In determining eligibility for, and the amount of,

1 *benefits payable under this section in the case of any in-*  
 2 *dividual or any individual and his spouse (as the case may*  
 3 *be) who—*

4           *“(1) received aid or assistance for December 1973*  
 5 *under a plan of a State approved under title X or XVI,*

6           *“(2) is blind under the definition of that term in the*  
 7 *plan, as in effect for October 1972, under which he or*  
 8 *they received such aid or assistance for December 1973,*

9           *“(3) has, since December 31, 1973, continuously*  
 10 *resided in the State under the plan of which he or they*  
 11 *received such aid or assistance for December 1973, and*

12           *“(4) has, since December 31, 1973, continuously*  
 13 *been (except for periods not in excess of six consecutive*  
 14 *months) an eligible individual or an eligible spouse with*  
 15 *respect to whom supplemental security income benefits are*  
 16 *payable,*

17 *there shall be disregarded an amount equal to the greater of*  
 18 *(A) the maximum amount of any earned or unearned income*  
 19 *which could have been disregarded under the State plan, as*  
 20 *in effect for October 1972, under which he or they received*  
 21 *such aid or assistance for December 1973, and (B) the*  
 22 *amount which would be required to be disregarded under*  
 23 *section 1612 without application of this subsection.”*

24 *Correction of Erroneous Designations and Cross-References*

25           *(f) (1) Section 226 of such Act is amended by—*



1           (A) redesignating subsection (a)(1) as subsection  
2           (a);

3           (B) redesignating clauses (A) and (B) of sub-  
4           section (a), as redesignated by this subsection, as clauses  
5           (1) and (2), respectively; and

6           (C) redesignating subsection (f) (as added by sec-  
7           tion 201(b)(5) of the Social Security Amendments of  
8           1972 and redesignated by section 299I of that Act)  
9           and the subsection (f) (as enacted by section 101 of the  
10           Social Security Amendments of 1965 and redesignated  
11           by section 201(b)(5) of the Social Security Amend-  
12           ments of 1972) as subsections (h) and (i), respectively;  
13           and by inserting such subsections (h) and (i) (as so re-  
14           designated) immediately after subsection (g) of such  
15           section.

16           (2) Section 226(h)(1)(A) of such Act, as redesignated  
17           by this subsection, is amended by striking out "and 202  
18           (c)(5), and the term 'age 62' in sections" and inserting  
19           ", 202(e)(5)," in lieu thereof.

20           (3) Section 226(h)(1)(B) of such Act, as redesignated  
21           by this subsection, is amended by striking out "shall" and  
22           inserting "and the phrase 'before he attained age 60' in the  
23           matter following subparagraph (G) of section 202(f)(1)  
24           shall each" in lieu thereof.

25           (4) Paragraphs (2) and (3) of section 226(h) of

1 *such Act, as redesignated by this subsection, are each amended*  
2 *by striking out “(a)(2)” and inserting “(b)” in lieu*  
3 *thereof.*

4 *Initial Payments to Presumptively Disabled Individuals*  
5 *Unrecoverable Only if Individual Is Ineligible Because*  
6 *Not Disabled*

7 *(g) Section 1631(a)(4)(B) of such Act is amended by*  
8 *inserting “solely because such individual is determined not to*  
9 *be disabled” immediately before the period at the end thereof.*

10 *Technical Correction of Limitation on Fiscal Liability*  
11 *of States for Optional Supplementation*

12 *(h)(1) Section 401(a)(1) of the Social Security*  
13 *Amendments of 1972 is amended by—*

14 *(A) inserting “, other than fiscal year 1974,” imme-*  
15 *diately after “any fiscal year”; and*

16 *(B) inserting “, and the amount payable for fiscal*  
17 *year 1974 pursuant to such agreement or agreements*  
18 *shall not exceed one-half of the non-Federal share of such*  
19 *expenditures” immediately before the period of the end*  
20 *thereof.*

21 *(2) Section 401(c)(1) of such Act is amended by in-*  
22 *serting “excluding” immediately before “expenditures au-*  
23 *thorized under section 1119”.*

24 *Modification of Transitional Administrative Provisions*

25 *(i) Section 402 of the Social Security Amendments of*  
26 *1972 is amended by—*

1           (1) striking out "XVI" the first time that it ap-  
2           pears therein and inserting "VI" in lieu thereof;

3           (2) inserting "the third and fourth quarters in the  
4           fiscal year ending June 30, 1974, and" immediately  
5           after "with respect to expenditures for"; and

6           (3) inserting "the third and fourth quarters of  
7           the fiscal year ending June 30, 1974, and any quarter  
8           of" immediately after "during such portion of".

9   *Inclusion of Title VI in Limitation on Grants to States for*

10    *Social Services*

11           (j) Section 1130(a) of such Act is amended by insert-  
12           ing "603(a)(1)," immediately after "403(a)(3),".

13   *Clarification of Coverage of Hospitalization for Dental*

14    *Services*

15           (k)(1) Section 1814(a)(2)(E) of such Act (as  
16           amended by Public Law 92-603) is amended to read as  
17           follows:

18           “(E) in the case of inpatient hospital services in  
19           connection with the care, treatment, filling, removal, or  
20           replacement of teeth or structures directly supporting  
21           teeth, the individual, because of his underlying medical  
22           condition and clinical status, requires hospitalization in  
23           connection with the provision of such dental services;”.

24           (2) The last sentence of section 1814(a) is amended  
25           by striking out “or (D)” and inserting “(D), or (E)”  
26           in lieu thereof.

1       (3) Section 1862(a)(12) of such Act is amended by  
2 striking out "a dental procedure" and all that follows there-  
3 after, and inserting "the provision of such dental services if  
4 the individual, because of his underlying medical condition  
5 and clinical status, requires hospitalization in connection  
6 with the provision of such services; or" in lieu thereof.

7                               Continuation of State Agreements for Coverage of  
8   Certain Individuals

9       (l)(1) Section 1843(b) of such Act is amended by add-  
10 ing at the end thereof the following: "Effective January 1,  
11 1974, and subject to section 1902(e), the Secretary shall, at  
12 the request of any State not eligible to participate in the  
13 State plan program established under title XVI, continue in  
14 effect the agreement entered into under this section with such  
15 State subject to such modifications as the Secretary may by  
16 regulations provide to take account of the termination of any  
17 plans of such State approved under titles I, X, XIV, and  
18 XVI and the establishment of the supplemental security  
19 income program under title XVI."

20                               Technical Improvement of Provisions Governing

21   Disposition of HMO Savings

22       (m) Section 1876(a)(3)(A)(ii) of such Act is amended  
23 by striking out " , with the apportionment of savings being  
24 proportional to the losses absorbed and not yet offset".

1           *Technical Improvement of Provisions Governing*

2                   *Allowable HMO Premium Charges*

3           (n) *The last sentence of section 1876(g)(2) of such Act*  
4 *is amended by—*

5           (1) *inserting “of its premium rate or other charges”*  
6 *immediately after “portion”;*

7           (2) *striking out “may” and inserting “shall”;*

8           (3) *striking out “(i)”;* and

9           (4) *striking out “less (ii) the actuarial value of*  
10 *other charges made in lieu of such deductible and co-*  
11 *insurance”.*

12           *Applications for Assistance on Behalf of Deceased*

13                   *Individuals*

14           (o) *Section 1902(a)(34) of the Social Security Act*  
15 *(as amended by Public Law 92-603) is amended by insert-*  
16 *ing “(or application was made on his behalf in the case of a*  
17 *deceased individual)” immediately after “he made*  
18 *application”.*

19           *Expansion of Intermediate Care Facility Ownership*

20                   *Disclosure Requirements*

21           (p) *Section 1902(a)(35)(A) of such Act is amended*  
22 *by inserting “or who is the owner (in whole or in part) of*  
23 *any mortgage, deed of trust, note, or other obligation secured*  
24 *(in whole or in part) by such intermediate care facility or*

1 *any of the property or assets of such intermediate care*  
2 *facility” immediately after “intermediate care facility”.*

3 *Technical Modification of Extended Medicaid Eligibility*  
4 *for AFDC Recipients*

5 *(q) Section 1902(e) of such Act is amended to read as*  
6 *follows:*

7 *“(e) Notwithstanding any other provision of this title,*  
8 *effective January 1, 1974, each State plan approved under*  
9 *this title must provide that each family which was receiving*  
10 *aid pursuant to a plan of the State approved under part A*  
11 *of title IV in at least 3 of the 6 months immediately preceding*  
12 *the month in which such family became ineligible for such*  
13 *aid because of increased hours of, or increased income from,*  
14 *employment, shall, while a member of such family is employed,*  
15 *remain eligible for assistance under the plan approved under*  
16 *this title (as though the family was receiving aid under the*  
17 *plan approved under part A of title IV) for 4 calendar*  
18 *months beginning with the month in which such family be-*  
19 *came ineligible for aid under the plan approved under part*  
20 *A of title IV because of income and resources or hours of*  
21 *work limitations contained in such plan.”.*

22 *Limitation on Payments to States for Expenditures in Rela-*  
23 *tion to Disabled Individuals Eligible for Medicare*

24 *(r)(1) Section 1903(a)(1) of such Act is amended*  
25 *by inserting “and disabled individuals entitled to hospital*

1 insurance benefits under title XVIII” immediately after “in-  
2 dividuals sixty-five years of age or older”.

3 (2) Section 1903(b)(2) of such Act is amended by  
4 inserting “and disabled individuals entitled to hospital in-  
5 surance benefits under title XVIII” immediately after “indi-  
6 viduals aged 65 or over”.

7 *Federal Payment for Cost of Inspecting Institutions Limited*  
8 *to Expenses Incurred During Covered Period*

9 (s) Section 1903(a)(4) of such Act is amended by  
10 striking out “sums expended” and inserting “sums expended  
11 with respect to costs incurred” in lieu thereof.

12 *Federal Payment for Family Planning Expenditures Not*  
13 *Limited to Administrative Costs*

14 (t) Section 1903(a)(5) of such Act is amended by  
15 striking out “(as found necessary by the Secretary for the  
16 proper and efficient administration of the plan)”.

17 *Exception to Limitation on Payments to States for Expendi-*  
18 *tures in Relation to Individuals Eligible for Medicare*

19 (u) Section 1903(b)(2) of such Act is amended by  
20 inserting “, other than amounts expended under provisions of  
21 the plan of such State required by section 1902(a)(34)”  
22 immediately before the period at the end thereof.

23 *Utilization Review by Medical Personnel Associated With*  
24 *an Institution*

25 (v) Section 1903(g)(1)(C) of such Act is amended  
26 by striking out “and who are not employed by” and by

1 inserting "or, except in the case of hospitals, employed by  
2 the institution" immediately after "any such institution".

3 *Authority To Prescribe Standards Under Title XIX for*

4 *Active Treatment of Mental Illness*

5 (w) Section 1905(h)(1)(B) of such Act is amended  
6 by—

7 (1) striking out ", involves active treatment (i)"  
8 and inserting "(i) involve active treatment" in lieu  
9 thereof,

10 (2) striking out "pursuant to title XVIII", and

11 (3) striking out "(ii) which" and inserting "(ii)"  
12 in lieu thereof.

13 *Correction of Erroneous Designations and Cross References*

14 (x)(1) Section 1902(a)(13)(C) of such Act is  
15 amended by striking out "(14)" and inserting "(16)" in lieu  
16 thereof.

17 (2) Section 1902(a)(33)(A) of such Act is amended  
18 by striking out "last sentence" and inserting "penultimate  
19 sentence" in lieu thereof.

20 (3) Section 1902(a) of such Act is amended by—

21 (A) striking out the period at the end of paragraph  
22 (35) and inserting "; and" in lieu thereof; and

23 (B) redesignating paragraph (37) as paragraph  
24 (36).

25 (4) Sections 1902(a) (21), (24), and (26)(B),



1 and the last sentence of section 1902(a), of such Act are  
2 each amended by striking out "nursing home" and "nursing  
3 homes" each time that they appear therein and inserting  
4 "nursing facility" and "nursing facilities", respectively, in  
5 lieu thereof.

6 (5) Section 1903(a) of such Act is amended by striking  
7 out "and section 1117" in the first parenthetical phrase.

8 (6) Section 1903(b) of such Act is amended by re-  
9 designating paragraphs (2) and (3) as paragraphs (1) and  
10 (2), respectively.

11 (7) Section 1905(a)(16) of such Act is amended  
12 by striking out "under 21, as defined in subsection (e);"  
13 and inserting "under age 21, as defined in subsection (h);  
14 and" in lieu thereof.

15 (8) Section 1905(c) of such Act is amended by striking  
16 out "skilled nursing home" each time that it appears therein  
17 and inserting "skilled nursing facility" in lieu thereof.

18 (9) Section 1905 of such Act is amended by redesignig-  
19 nating subsection (h) (which was enacted by section 299L  
20 (b) of the Social Security Amendments of 1972) as sub-  
21 section (i).

22 (10) Section 1905(h)(2) is amended by striking out  
23 "(e)(1)" and inserting "(1)" in lieu thereof.

#### 24 Deletion of Obsolete Provisions

25 (11) (1) Section 1903 of such Act is amended by—

1 (A) striking out subsection (c);

2 (B) striking out “(a), (b), and (c)” in subsection

3 (d) and inserting “(a) and (b)” in lieu thereof.

4 (2) Section 1905(b) of such Act is amended by striking  
5 out everything after “section 1110(a)(8)” and inserting  
6 a period in lieu thereof.

7 (3) Section 1908 of such Act is amended by striking  
8 out the last sentence of subsection (d) and subsections (e)  
9 and (f), and redesignating subsection (g) as subsection (e).

10 *Determination of Amount of Exclusion for Disapproved*

11 *Capital Expenditures by Institutions Reimbursed on*

12 *Fixed Fee or Negotiated Rate Basis*

13 (z) The last sentence of section 1122(d)(1) of such  
14 Act is amended by inserting “or a fixed fee or negotiated  
15 rate” immediately after “per capita” each time that it ap-  
16 pears therein.

17 *Technical Improvement of Authority To Include Expenses*

18 *Related to Capital Expenditures in Certain Cases*

19 (z-1) Section 1122(d)(2) of such Act is amended by  
20 striking out “include” the last time that it appears therein  
21 and inserting “exclude” in lieu thereof.

22 *Conforming Amendments to Title XI of the Social*

23 *Security Act*

24 (z-2)(1) Title XI of the Social Security Act is  
25 amended—

1           (A) in section 1101(a)(1), by—

2               (i) striking out “I,” “X,” “XIV,” and  
3               “XVI,” and

4               (ii) by adding at the end of such section 1101  
5               (a) the following new sentence: “In the case of  
6               Puerto Rico, the Virgin Islands, and Guam, titles  
7               I, X, and XIV, and title XVI (as in effect without  
8               regard to the amendment made by section 301 of the  
9               Social Security Amendments of 1972) shall continue  
10              to apply, and the term ‘State’ when used in such  
11              titles (but not in title XVI as in effect pursuant to  
12              such amendment after December 31, 1973) includes  
13              Puerto Rico, the Virgin Islands, and Guam.”,

14           (B) in section 1115, by—

15               (i) inserting (in the matter preceding subsec-  
16               tion (a)) “VI,” immediately after “title I,”

17               (ii) inserting (in subsection (a)) “602,” im-  
18               mediately after “402,” and

19               (iii) inserting (in subsection (b)) “603,” im-  
20               mediately after “403,” and

21           (C) in section 1116, by—

22               (i) inserting (in subsection (a)(1)) “VI,” im-  
23               mediately after “title I,”

24               (ii) inserting (in subsection (a)(3)) “604,”  
25               immediately after “404,”

1                   (iii) inserting (in subsection (b)) "VI," im-  
2                   mediately after "title I," and

3                   (iv) inserting (in subsection (d)) "VI," im-  
4                   mediately after "title I,".

5           (2) *The amendments made by this subsection shall be*  
6 *effective on and after January 1, 1974.*

7   *Effective Dates*

8           (z-3)(1) *The amendments made by subsections (g),*  
9 *(h), (j), and (l) shall be effective January 1, 1974.*

10           (2) *The amendments made by subsection (k) shall be*  
11 *effective with respect to admissions subject to the provisions*  
12 *of section 1814(a)(2) of the Social Security Act which*  
13 *occur after December 31, 1972.*

14           (3) *The amendments made by subsections (m) and (n)*  
15 *shall be effective with respect to services provided after June*  
16 *30, 1973.*

17           (4) *The amendments made by subsections (o) and*  
18 *(u) shall be effective July 1, 1973.*

19   *MODIFICATION OF PROVISIONS ESTABLISHING SUPPLE-*  
20   *MENTAL SECURITY INCOME PROGRAM*

21           *SEC. 202. (a) Section 303(c) of the Social Security*  
22 *Amendments of 1972 is amended to read as follows:*

23   "AMENDMENT TO ACT OF APRIL 19, 1950

24           "(c) *Section 9 of the Act of April 19, 1950 (64 Stat.*  
25 *47) is amended to read as follows:*

1       “*SEC. 9. Beginning with the quarter commencing*  
2 *July 1, 1950, the Secretary of the Treasury shall pay*  
3 *quarterly to each State (from sums made available for mak-*  
4 *ing payments to the States under section 403(a) of the Social*  
5 *Security Act) an amount, in addition to the amount pre-*  
6 *scribed to be paid to such State under such section, equal to*  
7 *80 per centum of the total amount of contributions by the*  
8 *State toward expenditures during the preceding quarter by*  
9 *the State, under the State plan approved under the Social*  
10 *Security Act for aid to dependent children to Navajo and*  
11 *Hopi Indians residing within the boundaries of the State on*  
12 *reservations or on allotted or trust lands, with respect to*  
13 *whom payments are made to the State by the United States*  
14 *under section 403(a) of the Social Security Act, not counting*  
15 *so much of such expenditure to any individual for any month*  
16 *as exceeds the limitations prescribed in such section.’”*

17       *(b) Notwithstanding the provisions of section 301 of*  
18 *the Social Security Amendments of 1972 (as amended by*  
19 *subsection (a) of this section), the Secretary of Health,*  
20 *Education, and Welfare shall make payments to the 50*  
21 *States and the District of Columbia after December 31, 1973,*  
22 *in accordance with the provisions of the Social Security Act*  
23 *as in effect prior to January 1, 1974, for (1) activities*  
24 *carried out through the close of December 31, 1973, under*  
25 *State plans approved under title I, X, XIV, or XVI, of such*

1 *Act, and (2) administrative activities carried out after*  
2 *December 31, 1973, which such Secretary determines are*  
3 *necessary to bring to a close activities carried out under such*  
4 *State plans.*

5 *TITLE III—REPEAL OF DEDUCTION FOR*  
6 *GASOLINE TAXES*

7 *SEC. 301. (a) Section 164(a) (relating to deduction*  
8 *of taxes not related to a trade or business) is amended by*  
9 *striking out paragraph (5) (relating to taxes on gasoline and*  
10 *other motor fuels).*

11 *(b) Section 164(b)(5) (relating to separately stated*  
12 *taxes) is amended by striking out “or of any tax on the sale*  
13 *of gasoline, diesel fuel, or other motor fuel”.*

14 *(c) The amendments made by this section shall apply*  
15 *with respect to taxable years beginning after December 31,*  
16 *1973.*

Amend the title so as to read “An Act to amend the  
Social Security Act, and for other purposes.”

Passed the House of Representatives April 2, 1973.

Attest:

W. PAT JENNINGS,

*Clerk.*

Calendar No. 529

93<sup>d</sup> CONGRESS  
1<sup>st</sup> Session

**H. R. 3153**

[Report No. 93-553]

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**AN ACT**

To amend the Social Security Act to make certain technical and conforming changes.

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APRIL 3, 1973

Read twice and referred to the Committee on Finance

NOVEMBER 21, 1973

Reported with an amendment

The Senate proceeded to consider the bill which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1973."

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- "(b) Delegation of authority to Secretary of Health, Education and Welfare.
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- "Sec. 42. Tax credit for low-income workers with families.
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- (a) Beneficiaries.
- (b) Technical clarification and modification of medicare eligibility and Federal title XLIX matching under Public Law 93-66.

## SOCIAL SECURITY AMENDMENTS OF 1973

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate H.R. 3153 which the clerk will report.

The second assistant legislative clerk read as follows:

Calendar No. 529, H.R. 3153, a bill to amend the Social Security Act to make certain technical and conforming changes.



- (c) Medicaid eligibility for individuals receiving mandatory State supplementary payments.
- (d) Effective dates.
- Sec. 172. Standards for payments under Medicaid to health maintenance organizations.
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- Sec. 175. Certain States deemed to have plans approved under title XIX.
- Sec. 176. Payment for services of physicians rendered in a teaching hospital.
- Sec. 181. Use of Social Security Administration in the administration of Medicare.
- Sec. 182. Reimbursement under Medicare for services with respect to coverage based on chronic kidney failure.
- Sec. 183. Capital expenditures planning.
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- Sec. 191. Payment under Medicare to individuals covered by Federal employees health benefits program.
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- TITLE II—CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT**
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- (b) Inclusion in old-age insurance benefit in certain cases of delayed retirement.
- (c) Elimination of benefits at age 72 for uninsured individuals receiving supplemental security income benefits.
- (d) Limitations on eligibility determinations under resources tests of State plans.
- (e) Limitations on eligibility and benefit determinations under income tests of State plans for aid to the blind.

- (f) Correction of erroneous designations and cross references.
- (g) Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.
- (h) Technical correction of limitation on fiscal liability of States for optional supplementation.
- (i) Modification of transitional administrative provisions.
- (j) Inclusion of title VI in limitation on grants to States for social services.
- (k) Clarification of coverage of hospitalization for dental services.
- (l) Continuation of State agreements for coverage of certain individuals.
- (m) Technical improvement of provisions governing disposition of HMO savings.
- (n) Technical improvement of provisions governing allowable HMO premium charges.
- (o) Applications for assistance on behalf of deceased individuals.
- (p) Expansion of intermediate care facility ownership disclosure requirements.
- (q) Technical modification of extended Medicaid eligibility for AFDC recipients.
- (r) Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.
- (s) Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.
- (t) Federal payment for family planning expenditures not limited to administrative costs.
- (u) Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.
- (v) Utilization review by medical personnel associated with an institution.
- (w) Authority to prescribe standards under title XIX for active treatment of mental illness.
- (x) Correction of erroneous designations and cross references.
- (y) Deletion of obsolete provisions.
- (z) Determination of amount of exclusion for disapproved capital expenditures by institutions reimbursed on fixed fee or negotiated rate basis.
- (z-1) Technical improvement of authority to include expenses related to capital expenditures in certain cases.
- (z-2) Conforming amendments to title XI of the Social Security Act.
- (z-3) Effective dates.

Sec. 202. Modification of provisions establishing supplemental security income program.

"Sec. 303. Amendment to Act of April 19, 1950".

**TITLE III—REPEAL OF DEDUCTION FOR GASOLINE TAXES**

Sec. 301.

**TITLE I—GENERAL AMENDMENTS**

**PART A—SOCIAL SECURITY CASH BENEFITS INTERIM COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS**

Sec. 101. (a) Section 201 of Public Law 93-66 is amended—

(1) in subsection (a)(1), by striking out "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" and inserting in lieu thereof "7 per centum",

(2) in subsection (a)(2), by striking out "after May 1974 and prior to January 1976, 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 1976" and inserting in lieu thereof "with respect to which this section is effective, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur in months with respect to which this section is effective",

(3) in subsection (b), by striking out "based on the increase in the Consumer Price Index described in subsection (a)" and inserting in lieu thereof "7 per centum", and

(4) in subsection (c)(2), by striking out "(except for purposes of section 203(a)(2) of such Act, as in effect after May 1974)" and inserting in lieu thereof "(except for purposes of section 203(a) of such Act, as in effect after December 1973, which section (as so in effect) shall, for purposes of the increase in social security benefits provided by this section, be deemed to be in effect for and after the first month with respect to which such increase is effective)".

(b) Section 201 of Public Law 93-66 is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of subsection (a)(2), this section is effective with respect to the month in which this subsection is enacted and for each month thereafter which begins prior to June 1974."

**ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS**

Sec. 102. (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

Table with columns I, II, III, IV, V and sub-columns for 'I, II, III, IV, V. Includes descriptive text for each column and a large numerical grid of values.

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

Table with 10 columns: I, II, III, IV, V, I, II, III, IV, V. Contains numerical data for insurance benefits and family maximums.

(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(1)", 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(1)".

(2) Section 202(a)(4) of Public Law 92-338 is hereby repealed.

(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 92-338 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) Notwithstanding any other provision of law, in determining income for purposes of pension benefits for veterans and their widows and children under chapter 15 of title 38, United States Code, and under section 9(b) of the Veterans' Pension Act of 1959, and in determining income for purposes of dependency and indemnity compensation for parents under chapter 13 of such title 38, any increase in the amount of the monthly insurance benefits payable under title II of the Social Security Act resulting from the enactment of section 201 of Public

Law 93-66, the amendments made thereto by section 101 of this Act, or section 102 of this Act shall be disregarded, whether such increase is included in the regular monthly payment of such monthly insurance benefits or is paid in a lump sum retroactively for a prior period.

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 103. (a) Clause (1) of section 215(1)(1)(A) of the Social Security Act is amended to read as follows: "(1) the calendar quarter ending on March 31 in each year after 1974, or".

(b) Clause (ii) of section 215(1)(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(1)(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(1)(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";

(3) by striking out "(subject to subparagraph (E))"; and

(4) by striking out "(but not including a primary insurance amount determined under subsection (a)(3) of this section)".

(e) Section 215(1)(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(1)(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(1)(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(1)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of section 203(f)(B) of the Social Security Act, so much of section 215(1)(1)(B) of such Act as follows the semicolon, and section 230(a) of such Act, the increase in benefits provided by section 102 of this Act shall be considered an increase under section 215(1) 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(1)(2)(D))" and by striking out "(unless such increase in benefits is pre-

vented from becoming effective by section 215(1)(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(1) 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(1)(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(1)(3))".

(1) (1) Section 215(a)(3) of the Social Security Act is amended by striking out "\$8.50" and inserting in lieu thereof "the larger of \$9.50 or the amount most recently established in lieu thereof under section 215(1)".

(2) The amendment made by paragraph (1) 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(1) of such Act in the case of deaths occurring after such month.

#### INCREASE IN EARNINGS BASE

SEC. 104. (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)(E)(i) of such Code (relating to failure by individuals 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. 105. (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 be-

ginning 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 (6) 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 (6) 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. 106. (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, 1976, 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) so 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".

INTERNATIONAL AGREEMENTS WITH RESPECT TO SOCIAL SECURITY BENEFITS

Sec. 107. (a) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"INTERNATIONAL AGREEMENTS  
Purpose of Agreement

"Sec. 232. (a) The President is authorized to enter into agreements establishing totalization arrangements between the social security system established by this title and the social security system of any foreign country, for the purposes of establishing entitlement to and the amount of old age, survivors, disability, or derivative benefits based on a combination of an individual's periods of coverage under the social security system established under this title and the social security system of such foreign country.

"Delegation of Authority to Secretary of Health, Education, and Welfare

"(b) (1) The President is authorized to delegate any of his functions under this section to the Secretary of Health, Education, and Welfare.

"(2) Pursuant to any such delegation, the Secretary of Health, Education, and Welfare shall consult with the Secretary of the Treasury and the Secretary of State prior to entering into any such agreement.

"Definitions

"(c) For the purposes of this section—

"(1) The term 'social security systems' of a foreign country means a social insurance or pension system which is of general application in the country and under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, death, or disability.

"(2) The term 'period of coverage' means a period of payment of contributions or a period of earnings based on wages for employment or on self-employment income, or any similar period recognized as equivalent thereto under this title or under the social security system of a country which is a party to an agreement entered into under this section.

"Crediting Periods of Coverage; Tax Exemptions; Conditions of Payment of Benefits

"(d) (1) Any agreement establishing a totalization arrangement pursuant to this section shall provide—

"(A) that, in the case of an individual who has at least 6 quarters of coverage as defined in section 213 of this Act and periods of coverage under the social security system of a foreign country which is a party to such agreement, periods of coverage of such individual under such social security systems of such foreign country may, at the option of such individual or of the survivors of such individual, be combined with periods of coverage under this title and otherwise considered for the purpose of establishing entitlement to and the amount of old-age, survivors, and disability insurance benefits under this title;

"(B) (1) that employment or self-employment, or any service which is recognized as equivalent to employment or self-employment under this title and the social security system of such foreign country which is a party to such agreement, shall, on or after the effective date of such agreement, result

in a period of coverage under the system established under this title or under the system established under the laws of such foreign country, but not under both;

"(ii) the methods and conditions for determining under which system such employment, self-employment, or other service shall result in a period of coverage;

"(C) that where an individual's periods of coverage are combined, the benefit amount payable under this title shall be based on the proportion of such individual's periods of coverage which were completed under this title; and

"(D) that an individual who is entitled to cash benefits under this title pursuant to such agreement shall, notwithstanding the provisions of section 202(t), receive such benefits while he legally resides in the foreign country which is a party to such agreement.

"(2) To the extent that any such agreement provides that any period of coverage under this title shall not be such a period of coverage because it is a period of coverage under the laws of a foreign country which is a party to such agreement, no employment or self-employment taxes shall be imposed with respect to such period of coverage under the laws of the United States.

"(3) Any such agreement may provide that the benefit paid by the United States to an individual who legally resides in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit amount which would be payable to an entitled individual based on the first figure in (or deemed to be in) column IV of the table in section 215(a).

"(4) Section 226 shall not apply in the case of any individual to whom it would not be applicable but for this section or any agreement or regulation under this section.

"(5) Any such agreement may contain such other provisions, not inconsistent with this section, as the President deems appropriate.

"Regulations

"(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

"Reports to Congress; Effective Date of Agreements

"(f) (1) Any agreement to establish a totalization arrangement entered into pursuant to this section shall be transmitted by the President to the Congress.

"(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1). The continuity of a session is broken for purposes of this paragraph only by an adjournment of the Congress sine die. The days on which either House of the Congress is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 90-day period."

(b) (1) Section 1401 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such self-employment income is subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country."

(2) Sections 3101 and 3111 of such Code are each amended by adding at the end thereof the following new subsection:

"(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country."

(3) Notwithstanding any other provision of law, taxes paid by any individual to any foreign country with respect to any period of employment or self-employment which is covered under the social security system of such foreign country in accordance with the terms of an agreement entered into pursuant to section 232 of the Social Security Act, shall not, under the laws of the United States, be deductible by, or creditable against the income tax of, any such individual.

TREATMENT OF CERTAIN FARM INCOME

Sec. 108. (a) Section 211(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such agreement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management."

(b) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended by adding at the end thereof the following new paragraph:

"An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such arrangement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management."

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

STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING BENEFITS UNDER THE SOCIAL SECURITY ACT TO PREVAILING COST OF LIVING IN VARIOUS AREAS

Sec. 109. (a) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall conduct a study of the various programs established by and pursuant to the Social Security Act with a view to determining the feasibility of relating the various dollar amounts set forth therein (whether in the form of benefits, deductibles, conditions of eligibility for benefits, or otherwise) to the prevailing cost of living in the various States

(and localities within States) in which such programs are operative.

(b) In carrying out such study, the Secretary shall—

(1) develop a comprehensive cost-of-living index which reflects the average cost of living for each State as a whole (and not just the urban or other areas therein);

(2) include an evaluation of the effects which would be produced among the various States, including the advantages to recipients, if the benefits (and other dollar amount related criteria) in the Social Security Act were adjusted in accordance with differences in the average cost of living in the various States;

(3) give consideration to the feasibility of applying such a cost-of-living adjustment only in those States where the cost of living is significantly higher than the cost of living in the Nation as a whole; and

(4) analyze existing sources, within the Federal Government, from which data relating to the cost of living is available, with a view to determining the need for improved sources of such data, within the Federal Government, under which such data would be made available on a regular basis and in a more analytical, comprehensive, and suitable form.

(c) The Secretary shall complete such study and shall submit to the Congress a full and complete report thereon, together with the recommendations of the Secretary with respect to the matters included in the study, not later than January 1, 1975.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

#### TERMINATION OF COVERAGE OF CERTAIN POLICEMEN IN LOUISIANA

SEC. 110. Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Louisiana entered into pursuant to such section may, at the opinion of such State, be modified, at any time during the calendar year commencing January 1, 1974, so as to exclude services performed within such State by individuals who are in positions of policemen and who are eligible for membership in the Municipal Police Employees Retirement System of Louisiana. Any modification of such agreement pursuant to this section shall be effective with respect to services performed after an effective date specified by the State in such modification, except that such date shall not be earlier than January 1, 1974.

#### TERMINATION OF COVERAGE FOR POLICEMEN OR FIREMEN IN CALIFORNIA

SEC. 111. (a) Notwithstanding any provision of section 218 of the Social Security Act, upon giving at least two years' advance notice in writing to the Secretary of Health, Education, and Welfare (hereafter in this section referred to as the "Secretary"), the State of California may terminate, effective at the end of the calendar quarter specified in the notice, its agreement (entered into under such section) with the Secretary with respect to services of—

(1) all employees included under the agreement as a single coverage group within the meaning of section 218(d)(4) of such Act which is composed entirely of positions of policemen or firemen or both;

(2) all employees in positions of policemen or firemen or both which are included under such agreement as a part of a coverage group within the meaning of section 218(d)(4) of such Act; or

(3) all employees in positions of policemen or firemen or both which were included under such agreement as part of a coverage group as defined in section 218(b)(5) of such Act and which were covered by a retirement system after the date coverage was extended to such group.

but only if such agreement has been in effect with respect to employees in such positions for not less than five years prior to the receipt of such notice.

(b) If the agreement entered into (under section 218 of the Social Security Act) between the State of California and the Secretary is terminated pursuant to this section with respect to services of employees in positions of policemen or firemen as described in subsection (a), the Secretary and such State may not thereafter modify such agreement so as to again make such agreement applicable to services performed by employees in such positions.

(c) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California under such section may, if the State so desires, be modified at any time prior to July 1, 1973, so as to again make the agreement applicable to services performed by employees, other than employees in policemen's or firemen's positions, in a coverage group with respect to which the agreement was terminated by the State prior to the enactment of this Act if the Governor of the State, or an official designated by him, certifies that the following conditions have been met:

(1) the majority of such employees have indicated a desire to have their coverage reinstated, and

(2) the termination of the agreement with respect to the coverage group was for the purpose of terminating coverage for those employees in policemen's or firemen's positions, or both.

Notwithstanding the provisions of section 218(f)(1) of such Act, any such modification shall be effective as of the date coverage was previously terminated for those members of the coverage group who meet the conditions prescribed in section 218(f)(3) of such Act.

#### PART B—TAX CREDIT

##### TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

###### SEC. 112. (a) IN GENERAL.

(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section:

###### "SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.

###### "(a) IN GENERAL.—

"(1) ALLOWANCE OF CREDIT.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) APPLICABLE PERCENTAGE.—The percentage under paragraph (1) applicable to the social security taxes is—

"(A) 86 percent for calendar years 1974 through 1977,

"(B) 83 percent for calendar years 1978 through 1980,

"(C) 80 percent for calendar years 1981 through 1985,

"(D) 78 percent for calendar years 1986 through 2010, and

"(E) 68 percent for calendar years beginning after December 31, 2010.

###### "(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed \$4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b)) without regard to the exclusion set forth in paragraph (8) of that section.

"(2) REDUCTION FOR ADDITIONAL INCOME.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds \$4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71 (b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in installments), or 74 (b) (relating to certain prizes and awards),

"(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

"(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) APPLICATION WITH SECTION 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who maintains a household (within the meaning

of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

"(3) SOCIAL SECURITY TAXES.—The term 'social security taxes' means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term 'employment' (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section."

(2) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Tax credit for low income workers with families.

"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil" the following: ", 42 (relating to tax credit for low-income workers with families)."; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

(4) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "or 42" after "SECTION 39" in the caption of such section; and

(B) striking out "oil" and inserting in lieu thereof "oil" or section 42 (relating to tax credit for low income workers with families)."

(b) ADVANCE REFUND OF CREDIT.—

(1) Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (relating to rules of special application) is amended by adding at the end thereof the following new section:

"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.

"(a) IN GENERAL.—A taxpayer may receive an advance refund of the credit allowable to him under section 42 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) LIMITATIONS.—

"(1) AMOUNT OF REFUND.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 42 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint

election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

"(2) INELIGIBLE FOR CREDIT.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.

"(3) MINIMUM PAYMENT.—No payment may be made under this section in an amount less than \$30.

"(c) COLLECTION OF EXCESS PAYMENTS.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totalling not more than the amount of that excess."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6428. Advance refund of section 42 credit."

(c) Section 6011(d) (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 42 CREDIT.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require."

(d) DEVELOPMENT OF APPLICATION FORMS; COOPERATION OF OTHER GOVERNMENT AGENCIES.—

(1) The Secretary of the Treasury shall develop simple and expeditious application forms and procedures for use by taxpayers who wish to receive an advance refund under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), arrange for distributing such forms and making them easily available to taxpayers, and prescribe such regulations as may be necessary to carry out the provisions of sections 42 and 6428 of such Code. Each such application form shall contain a warning that the making of a false or fraudulent statement thereon is a Federal crime.

(2) The Secretary of the Treasury is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any taxpayer applying for or receiving benefits under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), or his spouse, as may be necessary for the proper administration of section 42 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 42 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(e) AMENDMENT OF SOCIAL SECURITY ACT.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954)".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1973, but no advance refund payment under section 6428 of the Internal Revenue Code of 1954 shall be made before July 1, 1974.

PART C—AMENDMENTS RELATED TO SUPPLEMENTAL SECURITY INCOME PROGRAM  
INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 121. (a) (1) Section 210(c) of Public Law 93-86 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211(a)(1)(A) of Public Law 93-86 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 93-86) 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 93-86 (as amended by subsection (a)(2) of this section) is amended by striking out "\$840" and inserting in lieu thereof "\$876".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 122. (a) (1) Section 3(e) of the Food Stamp Act of 1964 is amended 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: "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 93-86, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during the 18-month period beginning January 1, 1974, 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 is hereby repealed.

(b) (1) Section 4(c) of Public Law 93-86 is hereby repealed.

(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) is hereby repealed.

(3) 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 93-86, 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 the 18-month period beginning January 1, 1974, 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."

(c) Section 401(b)(3) of the Social Security Amendments of 1972 is repealed.

(f) The amendments and repeals made by subsections (d) and (e) shall be effective January 1, 1974, except that such amendments and repeals shall not during the 18-month period beginning January 1, 1974, 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. 123. 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. 124. (a) Section 212(a)(3)(A) of Public Law 93-86 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93-86 is amended by adding at the end thereof the following new subparagraph:

"(E) (1) 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 (1)) 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.

"(1) The amount of the reduction (under clause (1)) 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 unit referred to in clause (1), 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."

#### DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING AMOUNT OF SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 125. Section 1612(b)(2) 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 "(2)", and

(2) by adding at the end thereof the following new subparagraph:

"(B) monthly (or other periodic) payments received by an individual (or his eligible spouse) under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in excess of 24 years in such State by such individual;"

#### CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 126. (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 93-86, 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—

(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.

#### AUTHORITY FOR SURVIVING SPOUSE OF DECEASED SSI BENEFICIARY TO CASH JOINT CHECK

SEC. 127. Section 1631(d)(1) of the Social Security Act is amended by striking out "and (f)" and inserting in lieu thereof "(f), and (n)".

#### PART D—SOCIAL SERVICES AMENDMENTS AMENDMENTS TO PROVISION LIMITING FEDERAL FUNDS FOR SOCIAL SERVICES

SEC. 131. (a) Section 1130 of the Social Security Act is amended by redesignating subsection (c) as subsection (f), and by inserting after subsection (b) the following new subsections:

"(c) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, X, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan approved under such title, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services, to the extent that such services are social services (as determined by the State) and the Federal share of their aggregate cost does not exceed the allocation to the State (for the fiscal year involved) under this section (or section 132 of the Social Security Amendments of 1973); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements imposed by section 402(a) with respect to the provision of social services to recipients of aid under such plan.

"(d) For purposes of subsection (c) and for purposes of part A of title IV, VI, X, XIV, and XVI, the services referred to in subsection (c) as 'social services'—

"(1) shall be such services as each State determines to be appropriate for meeting any of the following specific goals:

"(A) Self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency;

"(B) Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children;

"(C) Community-based care goal: To secure and maintain community-based care



which approximates a home environment, when living at home is not feasible and institutional care is inappropriate; or

"(D) Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible; and

"(2) include the following services:

"(A) child care services for children, 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 service is needed (i) in order to enable a member of such child's family to accept or continue in employment, or to participate in education or training to prepare such member for employment, or (ii) because of the death, continued absence from the home, incapacity or inability of the child's mother, or the inability of any member of such child's family to provide adequate care and supervision for such child;

"(B) child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

"(C) services for children in foster care, including services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished under the State's title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those terms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the non-residential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

"(D) protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

"(E) family planning services (including social, educational, and medical services for any female of child-bearing age and any other appropriate individual needing such services): *Provided*, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for any other service;

"(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

"(G) Services for adults in foster care not available under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including assessment

of need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and services to assist adults in leaving foster care to attain independent living;

"(H) Homemaker services for individuals in their own homes, including helping individuals to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker;

"(I) Chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialist;

"(J) Home delivered or congregate meals and the preparation and delivery of hot meals to individual in his home or in a central dining facility, to assist the individual to remain in his home, and to assure sound nutrition;

"(K) Day care services for adults, including meal preparation and serving, companionship, educational and recreational activities, and rehabilitation activity when provided for less than a twenty-four-hour period in a group or family setting;

"(L) Health-related services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and other needed health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

"(M) Home management and other functional educational services, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance;

"(N) Housing improvement services, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish paternity and child support and services related to adoption;

"(P) transportation services necessary to travel to and from community facilities or resources for receipt of services;

"(Q) educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program;

"(R) employment services to enable individuals to secure paid employment or training leading to such employment, including vocational, educational, social, and psychological diagnostic assessment to determine potential for job training or employment and other services that will assist in the individual's plan for achieving full or partial self-support, where there are needs not met by the work incentive program;

"(S) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

"(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, per-

sonal, or economic habitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and sociological services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar special services for other individuals requiring such services because of developmental disability;

"(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication skills; special aids and appliances; and special counseling for caretakers of blind children and adults;

"(V) services for alcoholism and drug addiction for an individual who is becoming dependent on or is addicted to alcohol or other drugs as determined by the standards set by the State agency designated by the State under the Comprehensive Alcohol Abuse and Treatment Act of 1970 and the Drug Abuse and Treatment Act of 1972, if such services are needed as part of a program for prevention or treatment of addiction or the conditions arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients receiving services in a supportive environment (such as a halfway house, hostel, or foster home) and including medical services (such as psychiatric services) incidental to the provision of a social service;

"(W) special services for the emotionally disturbed as defined by the State;

"(X) special services for the physically handicapped as defined by the State; and

"(Y) any other services which the State finds appropriate for meeting the goals of self-support, family care or self-care, community-based care, or institutional care.

"(c) (1) Effective July 1, 1974, Federal financial assistance which is subject to the limitation imposed by subsections (a) and (b) shall be available for a new purchase of services from a public agency (other than the single State agency) only for services beyond those represented by the expenditures for the previous fiscal year of the provider agency (or its predecessor) for the type of service and type of persons covered by the agreement.

"(2) A purchase of services in any fiscal year shall not be considered a new purchase of services to the extent that an equivalent purchase of services from the same provider agency (or its predecessor) was made in any of the three preceding fiscal years and was included in the expenditures for which Federal financial participation was provided under titles I, VI, X, XIV, or XVI, or Part A of title IV."

(b) Subsection (a) of section 1130 of such Act is amended by striking out the matter therein which begins with "to assure that—" and ends with the period at the end thereof, and inserting in lieu of the matter stricken the following: "to assure that 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))."

SPECIAL FEDERAL SOCIAL SERVICES FUNDING  
LIMIT FOR FISCAL YEAR 1974

SEC. 132. (a) In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1974, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year is equal to whichever of

the following is the lesser: (1) the allotment of such State as determined under subsection (b) of such section, or (2) the allotment of such State as determined under subsections (b) and (d) of this section.

(b) (1) For the fiscal year ending June 30, 1974, the Secretary shall allot to each State—

(A) an amount equal to 400 per centum of the amount payable to such State with respect to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment, as determined under subsection (b) of section 1130 of the Social Security Act, is applicable) for the calendar quarter commencing July 1, 1973, plus

(B) an amount which bears the same ratio to the amount (if any) by which—

(i) \$1,850,000,000 exceeds

(ii) the aggregate of the amounts allotted to all States under clause (A), as the population of such State bears to the population of all States.

(2) If the aggregate of the allotments made pursuant to paragraph (1) is in excess of \$1,900,000,000, the Secretary shall reduce the allotment of each State, on a pro rata basis until the aggregate of the allotments for all States does not exceed \$1,900,000,000.

(c) (1) In addition to the amount allotted to any State under the preceding subsections of this section for the fiscal year ending June 30, 1974, the Secretary may make an additional allotment for such year to such State in accordance with this subsection.

(2) The aggregate of the allotments made pursuant to this subsection shall not exceed the lesser of (A) \$50,000,000 or (B) the amount by which the aggregate of the amounts allocated under subsection (b) is less than \$1,900,000,000.

(3) Allotments under this subsection shall be made, in the following order of priority, to such States and in such amounts as the Secretary deems to be appropriate—

(A) first, in order to assure that, for the fiscal year ending June 30, 1974, no State is paid less from Federal funds with respect to expenditures incurred by it for services (of the type, and under the programs to which the allotment of such State, as determined under subsection (b) of section 1130 of the Social Security Act, is applicable) than such State was paid from Federal funds with respect to such expenditures for the fiscal year ending June 30, 1973: *Provided*, That no payment under this clause shall exceed the amount by which the allotment applicable to such State for the fiscal year ending June 30, 1973, under section 1130(b) of the Social Security Act was increased by reason of the enactment of section 403 of the Social Security Amendments of 1972,

(B) second, provide additional Federal financial assistance to any State (I) the allotment of which, as determined under subsection (b), is substantially less than the allotment of such State under section 1130 of the Social Security Act (as determined without regard to this section), and (II) which can demonstrate (to the satisfaction of the Secretary) that it had, prior to November 15, 1973, planned an expansion of its social services programs during the remainder of the fiscal year ending June 30, 1974, which would require such additional Federal financial assistance, except that the amount of the allotment made to any State under this subparagraph shall not exceed an amount which, when added to its allotment as determined under subsections (b) and (d) of this section, is equal to its allotment determined under section 1130 of the Social Security Act (as determined without regard to this section), and

(C) third, to provide additional Federal financial assistance to States which can demonstrate (to the satisfaction of the Secretary) that if an allotment is made to such

State under this subparagraph, the amount of such allotment will be utilized so as to produce a significant cost benefit (as determined pursuant to regulations which shall be promulgated by the Secretary).

(d) (1) If the Secretary determines that the amount of the allotment (as determined under the preceding provisions of this section) of any State is in excess of the amount needed by the State for purposes for which such allotment is made, he shall reallocate the amount of such excess among other States each of which has need (for purposes for which the allotment under the preceding provisions of this section is made) of amounts in excess of the amount of its allotment (as determined under the preceding provisions of this section).

(2) Whenever amounts are reallocated among States by the Secretary pursuant to paragraph (1), the amount reallocated to each such State shall bear the same ratio to the total amount being reallocated as the population of such State bears to the population of all the States to which such reallocation is being made.

(3) Any amount reallocated to a State under this subsection shall be added to and deemed a part of such State's allotment (as determined under the provisions of this section which precede this subsection), and shall be subject to reallocation, under the preceding provisions of this subsection in like manner as such State's allotment (as so determined).

#### AMENDMENTS TO STATE PLAN REQUIREMENTS REGARDING SOCIAL SERVICES

SEC. 133. (a) (1) Section 3(a) (4) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 2 meets the requirements of subsection (c) (1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of assistance under the plan to help them attain or retain capability for self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of assistance under the plan, if such services are requested by and provided to such individuals, or";

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 3(a) (5) of such Act is repealed.

(3) Section 3(c) of such Act is repealed.

(b) Section 403(a) (3) of the Social Security Act is amended—

(1) by striking out "described in", in subparagraph (A) (i), and inserting in lieu thereof "which the State determines should be provided, including those described in";

(2) by striking out "clauses (14) and (15) of section 402(a)", in subparagraph (A) (ii), and inserting in lieu thereof "subparagraph (A) (i)";

(3) by striking out "within such period or periods as the Secretary may prescribe," in subparagraph (A) (ii), and inserting in lieu thereof "as determined by the State"; and

(4) by striking out all that follows subparagraph (B).

(c) (1) Section 1003(a) (3) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 1002 meets the require-

ments of subsection (c) (1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of aid to the blind to help them attain or retain capability for self-support or self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of aid to the blind, if such services are requested by and provided to such individuals, or";

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1003(a) (4) of such Act is repealed.

(3) Section 1003(c) of such Act is repealed.

(d) (1) Section 1403(a) (3) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 1402 meets the requirements of subsection (c) (1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of aid to the permanently and totally disabled to help them attain or retain capability for self-support or self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of aid to the permanently and totally disabled, if such services are requested by and provided to such individuals, or";

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and (D) by striking out all that follows subparagraph (C).

(2) Section 1403(a) (4) of such Act is repealed.

(3) Section 1403(c) of such Act is repealed.

(e) (1) Section 1603(a) (4) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 1602 meets the requirements of subsection (c) (1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of aid or assistance under the plan to help them attain or retain capability for self-support or self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or more likely to become (as determined by the State) applicants for or recipients of aid or assistance under the plan, if such services are requested by and provided to such individuals, or";

(C) by striking out subparagraph (B) and

redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1603(a) (5) of such Act is repealed.

(3) Section 1603(c) of such Act is repealed.

(f) (1) Section 603(a) of the Social Security Act (as added by the Social Security Amendments of 1972) is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each State which has a plan approved under this title, for each quarter, 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--

"(1) 75 per centum of so much of such expenditures as are for--

"(A) services which are provided to applicants for or recipients of supplemental security income benefits under title XVI to help them attain or retain capability for self-support or self-care, or

"(B) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(C) any of the services described in clause (A) or (B) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of supplemental security income benefits under title XVI, if such services are requested by and provided to such individuals, or

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

"(2) one-half of the remainder of such expenditures."

(2) Section 603(c) of such Act is repealed.

(g) Section 1130(a) of the Social Security Act is amended by striking out "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)" and inserting in lieu thereof "section 3 (a) (4), 403(a) (3), 1003(a) (3), 1403(a) (3), or 1603(a) (4)".

#### ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

SEC. 134. Part A of title XI of the Social Security Act is amended by inserting, immediately after section 1130 thereof, the following new section:

#### "ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

"SEC. 1131. (a) Not later than June 30, 1975, and June 30 of each year thereafter, the Secretary shall submit to Congress a report on social services programs under sections 3, 403, 603, 1003, 1403, and 1603. Such report shall include information on a State-by-State basis as to the amounts of funds expended for each type of service (classified in such categories as the Secretary may determine to be appropriate), and such other data and information as may be appropriate.

"(b) The Secretary shall require the States to make such reports concerning their use of Federal social services funds which shall be the basis of the report required by subsection (a)."

#### USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

SEC. 135. Part A of title XI of the Social Security Act is amended by adding after section 1131 (as added by section 134 of this Act) the following new section:

#### "USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

"SEC. 1132. For purposes of the services to which the provisions of section 1130 are ap-

licable, donated private funds (including in-kind contributions, as defined in OMB Circular A-102, as in effect on October 1, 1973) for services shall be considered as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable)."

#### EFFECTIVE DATES

SEC. 136. The amendments made by sections 131, 133, and 135 shall take effect on November 1, 1973.

#### PART E—CHILD WELFARE SERVICES

#### NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

SEC. 141. Title IV of the Social Security Act is amended by inserting immediately after section 426 thereof the following new section:

#### "NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

"SEC. 427. (a) The Secretary of Health, Education, and Welfare is hereby authorized to provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

"(b) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for succeeding fiscal years, to carry out this section."

#### CHILD ABUSE, NEGLECT, AND PROTECTIVE SERVICES

SEC. 142. (a) Section 402(a) (16) of the Social Security Act is amended to read as follows:

"(16) provide--

"(A) that the State agency will provide such services as are necessary to aid the prevention, identification, and treatment of child abuse and neglect and, wherever feasible, to make it possible for the child to remain in the home; and

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

(b) Section 422(a) (1) of such Act is amended--

(1) by striking out "and" at the end of subparagraph (B); and

(2) by adding at the end of subparagraph (C) the following new subparagraph:

"(D) provides for the establishment and implementation of protective services for children including, but not limited to--

"(i) procedures for the discovery and reporting of instances of neglect or abuse of children, including a systematic method for receiving reports of suspected or known instances of child abuse or neglect on a twenty-four-hour a day basis,

"(ii) use of the full resources of local communities including public and nonprofit agencies and organizations which provide services and activities that would be beneficial to a child and his parents or guardians.

"(iii) provisions of services, where feasible, to make it possible for the child to remain in the home,

"(iv) cooperation with the appropriate courts and law enforcement officials in instances of child neglect and abuse, and

"(v) a central collection point for all data and information on child abuse and neglect, and"

(c) The amendments made by subsections (a) and (b) shall be effective July 1, 1975: *Provided, however,* That the Secretary may at any time after the date of enactment of this Act approve changes in State plans under sections 402 and 422 of the Social Security Act which have the effect of bringing such State plans into conformity with such amendments.

#### PART F—CHILD SUPPORT PROGRAMS

#### CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

#### In General

SEC. 151. (a) Title IV of the Social Security Act is amended by adding after part C the following new part:

#### "PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

#### "APPROPRIATION

"SEC. 451. For the purpose of enforcing the support obligations owned by absent parents to their children, locating absent parents establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

#### "DUTIES OF THE SECRETARY

"SEC. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of the Assistant Secretary for Child Support, who shall report directly to the Secretary and who shall--

"(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

"(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

"(3) review and approve State plans for such programs;

"(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;

"(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

"(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

"(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;

"(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

"(9) operate the Parent Locator Service established by section 453;

"(10) establish or designate regional laboratories as authorized by section 451 to pro-

vide services in analyzing and classifying blood for the purpose of establishing paternity; and

"(11) not later than June 30 of each year beginning after December 31, 1974, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

"(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treasury may by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

"(c) (1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

"(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

#### "PARENT LOCATOR SERVICE

"Sec. 453. (a) The Secretary shall establish and conduct a Parent Locator Service under the direction of the Assistant Secretary for Child Support which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

"(2) is not contained in such files or records, but can be obtained by the Secretary under the authority conferred by subsection (e), from any other department, agency, or instrumentality, or the United States or of any State.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the

confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c) (1).

"(c) As used in subsection (a), the term 'authorized person' means—

"(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

"(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

"(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

"(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

"(e) (1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

"(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Secretary, except that if any information is obtained the disclosure of which would contravene national policy or security interests of the United States or the confidentiality of census data, such information shall not be transmitted and such individual shall immediately notify the Secretary. If such search fails to disclose the information requested, such individual shall immediately so notify the Secretary. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Secretary shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c) (3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services.

"(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c) (3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

#### "STATE PLAN FOR CHILD SUPPORT

"Sec. 454. A State plan for child support must—

"(1) provide that it shall be in effect in all political subdivisions of the State;

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

"(3) provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Secretary may by regulation prescribe, within the State to administer the plan;

"(4) provide that such State will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(a) (26) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;

"(5) provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402(a) (26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457(c)) for any month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;

"(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

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

"(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records, and

"(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

"(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court

of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

"(D) in carrying out other functions required under a plan approved under this part;

"(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

"(11) provide that amounts collected as child support shall be distributed as provided in section 457;

"(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

"(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

#### "PAYMENTS TO STATES

"Sec. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan, approved under section 454 except that no amount shall be paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1978.

#### "SUPPORT OBLIGATIONS

"Sec. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

"(1) The amount of such obligation shall be—

"(A) the amount specified in a court order which covers the assigned support rights, or

"(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

"(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1)(A) and (B).

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.

#### "DISTRIBUTION OF PROCEEDS

"Sec. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the fiscal year beginning July 1, 1974, shall be distributed as follows:

"(1) 40 per centum of the first \$50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;

"(2) such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(3) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the

amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(4) such amounts as are in excess of amounts required to be distributed under paragraphs (1), (2), and (3) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if not assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after June 30, 1975, shall be distributed as follows:

"(1) such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

"(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

"(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

#### "INCENTIVE PAYMENT TO LOCALITIES

"Sec. 458. (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights assigned under section 402(a)(26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—

"(1) an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for 12 months; and

"(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation

owed for any month after the first twelve months for which such collections are made.

"(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

#### "CONSENT BY THE UNITED STATES TO GARNISHMENT AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS

"Sec. 459. Notwithstanding any other provision of law, effective, January 1, 1974, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent, as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

#### "CIVIL ACTIONS TO ENFORCE CHILD SUPPORT OBLIGATIONS

"Sec. 460. The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 452(a)(3) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides.

#### "REGIONAL LABORATORIES TO ESTABLISH PATERNITY THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD

"Sec. 461. (a) The Secretary shall, after appropriate consultation and study of the use of blood typing as evidence in judicial proceedings to establish paternity, establish, or arrange for the establishment or designation of, in each region of the United States, a laboratory which he determines to be qualified to provide services in analyzing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it.

"(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such region) that such laboratory has been so established or designated to provide services, in analyzing and classifying blood for the purpose of determining paternity, for courts and public agencies in such region.

"(c) The facilities of any such laboratory shall be made available without cost to courts and public agencies in the region to be served by it.

"(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section."

#### Collection of Child Support Obligations

(b) (1) Subchapter A of chapter 84 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

#### "Sec. 6305. COLLECTION OF CERTAIN LIABILITY.

"(a) IN GENERAL.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the

Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected,

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply, and

"(3) there shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children.

"(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.—No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6305. Collection of certain liability."

#### Amendments to Part A of Title IV

(c) (1) Notwithstanding the provisions of section 402(a) of the Social Security Act, in addition to the amounts required to be disregarded under clause (8) (A) of such section, there is imposed the requirement (and the State plan shall be deemed to include the requirement) that for the fiscal year beginning July 1, 1974, in making the determination under clause (7), the State agency shall with respect to any month in such year and in addition to the amounts required to be disregarded under clause (8) (A), disregard amounts payable under section 457(a) (1).

(2) Section 402(a) (9) is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;"

(3) Section 402(a) (10) is amended by inserting immediately before "be furnished" the following: ", subject to paragraphs (25) and (26)."

(4) Section 402(a) (11) is amended to read as follows:

"(11) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part D of this title) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);"

(5) Section 402(a) is further amended—

(A) by striking out "and" at the end of paragraph (23);

(B) by inserting immediately before the first word in paragraph (24) the following: "provide that"; and

(C) by striking out the period at the end of paragraph (24) and inserting in lieu thereof a semicolon and the following:

"(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the administration of such plan;

"(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

"(B) to cooperate with the State (1) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of this paragraph, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406(b) (2) (without regard to subparagraphs (A) through (E) of such section); and

"(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan."

(6) (A) Section 403 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1975, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a) (27) in any fiscal year beginning after June 30, 1975 (but, in the case of the fiscal year beginning July 1, 1975, only considering the third and fourth quarters thereof)."

(B) Section 404 of such Act is amended by adding at the end thereof the following new subsections:

"(c) No State shall be found, prior to January 1, 1976, to have failed substantially to comply with the requirements of section 402(a) (27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.

"(d) After December 31, 1975, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a) (27), the reduction in any amount payable to such State required to be imposed under section 403 (h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section."

(7) Section 406 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the provisions of subsection (b), the term 'aid to families with dependent children' does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in

obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate."

(8) Section 402(a) (17), (18), (21), and (22), and section 410 of such Act are repealed:

#### Conforming Amendments to Title XI

(d) Section 1106 of such Act is amended—

(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act.";

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

#### Appointment of Assistant Secretary for Child Support

(e) (1) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary of Health, Education, and Welfare for Child Support who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"(98) Assistant Secretary for Child Support, Department of Health, Education, and Welfare."

#### Authorization of Appropriations

(f) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may be necessary to plan and prepare for the implementation of the program established by this section.

#### Effective Date

(g) The amendments made by this section shall become effective on July 1, 1974, except that section 459 of the Social Security Act, as added by subsection (a) of this section shall become effective on January 1, 1974, and subsections (e) and (f) of this section shall become effective upon the date of enactment of this Act.

#### PART G—AID TO FAMILIES WITH DEPENDENT CHILDREN

##### PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 161. (a) Section 402(a) (8) (B) of the Social Security Act is amended by inserting ", and 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 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).

(c) The amendments made by this section shall be effective in the case of monthly insurance benefits under title II of the Social Security Act for months on and after the first month for which the regular payment of such benefits includes the increase in social security benefits made by reason of the enactment of Public Law 93-88 and the amendments made thereto by section 101 of this Act.

## DISREGARD OF INCOME UNDER AFDC

Sec. 162. (a) Section 402(a)(8)(A)(ii) of the Social Security Act is amended by striking out everything that follows "determination," and inserting in lieu thereof the following: "(i) the first \$60 of earned income for individuals who are employed at least 40 hours per week, or at least 35 hours per week and are earning at least \$64 per week, and (ii) the first \$30 of earned income for other individuals, plus in each case, one-third of up to \$300 of additional earnings, and one-fifth of such additional earnings in excess of \$300, except that in each case an amount equal to the reasonable child care expenses incurred (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income (except that the provisions of this clause (i) 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) Section 402(a)(7) of such Act, as amended by section 111(e) of this Act, is further amended by striking out everything that follows "as well as any" and inserting in lieu thereof the following: "child care expenses reasonably attributable to the earning of any such income;"

## COMMUNITY WORK AND TRAINING PROGRAMS

Sec. 163. Section 204(c)(3) of the Social Security Amendments of 1967 is repealed, effective January 1, 1974.

## STATE DEMONSTRATION PROJECTS

Sec. 164. Section 1115 of the Social Security Act is amended—

(1) by inserting "(a)" after "Sec. 1115";  
 (2) by redesignating subsections (a) and (b) as paragraphs (1) and (2), respectively; and  
 (3) by adding at the end thereof the following new subsection:

"(b)(1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—

"(A) provide that not more than one such project be conducted on a statewide basis;

"(B) provide that in making arrangements for public service employment—

"(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(ii) such project will not result in the displacement of employed workers,

"(iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

"(iv) appropriate workmen's compensation protection is provided to all participants;

"(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.

"(2) Any State which establishes and conducts demonstration projects under this subsection, may, with respect to any such project—

"(A) waive, subject to paragraph (3), any or all of the requirements of section 402(a)(1) (relating to Statewide operation), 402(a)(3) (relating to administration by a

single State agency), 402(a)(8) (relating to disregard of earned income), except that no such waiver of 402(a)(8) shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a)(19) (relating to the work incentive program);

"(B) subject to paragraph (4) use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individuals participating in such projects under part A of title IV for any fiscal year in which such demonstration projects are conducted; and

"(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972 (86 Stat. 919) for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subparagraph (B).

"(3) Notwithstanding the provisions of paragraph (2)(A), the Secretary may review any waiver made by a State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall be terminated not later than the last day of the month following the month in which such waiver was disapproved.

"(4) Any amount payable to a State under section 403(a) on behalf of an individual participating in a project under this section shall not be increased by reason of the participation of such individual in any demonstration project conducted under this subsection over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.

"(5) Participation in a project established under this section shall not be considered to constitute employment for purposes of any finding with respect to "unemployment" as that term is used in section 407.

"(6) Any demonstration project established and conducted pursuant to the provisions of this subsection shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the provisions of this subsection shall be terminated not later than June 30, 1978."

## PART H—AMENDMENTS TO MEDICAID AND MEDICARE PROGRAMS

## MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

## Beneficiaries

Sec. 171. (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 the comma after "administer the plan" and inserting a semicolon 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.

(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 to 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 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" and inserting "with respect to State's 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."

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 93-86 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 93-86, 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

(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.

#### STANDARDS FOR PAYMENTS UNDER MEDICAID TO HEALTH MAINTENANCE ORGANIZATIONS

SEC. 172. Section 1903 of such Act is amended by inserting at the end thereof the following new subsection:

"(1) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974 by a State as payment on a per capita or similar basis for the provision of medical assistance only if—

"(1) the entity to which such payment is made meets the definition of a health maintenance organization contained in section 1876(b), other than the provisions of clauses (2), (3), and (7),

"(2) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such entity, or (B) under formal contractual arrangements with one or more groups of physicians (organized on a group practice

or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

"(3) provides either directly or through formal contractual arrangements with others all the services covered under the State plan, except to the extent that the State shall have secured from the Secretary a waiver with respect to any particular service, which waiver shall not be approved by the Secretary unless the State provides assurances satisfactory to the Secretary that an alternative arrangement will be provided for the provision of such service to individuals receiving medical assistance through such entity;

"(4) of the enrolled members of such entity not less than (A) 50 per centum of such members (in case such entity is not an entity described in clause (B)) are individuals who are neither entitled to benefits under title XVIII nor eligible for medical assistance under the State plan approved under this title, or (B) in case such entity serves a geographic area in which individuals (referred to in clause (A)) constitute less than 50 per centum of the total population, a per centum equal to whichever of the following is the larger: (1) a per centum of such members equal to the per centum of such total population which consists of such individuals, or (ii) 25 per centum of such members; and

"(5) such payment is made under a contract or other arrangement which has been approved in advance by the Secretary and which meets requirements imposed by regulations which the Secretary shall prescribe for the purpose of assuring that payments by a State on a per capita or similar basis for the provision of medical assistance are subject to substantially the same requirements as those imposed by subsections (a) and (1) of section 1876 with respect to title XVIII, except that, notwithstanding the provisions of section 1876(1)(2)(A), such regulations may authorize a risk sharing contract or arrangement with an otherwise qualified entity which has a current enrollment of at least 5,000 members on a prepaid capitation or similar basis."

#### PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 173. Section 1816 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."

#### MEDICAID MATCHING FOR EXPENDITURES WITH RESPECT TO CERTAIN INDIANS

SEC. 174. (a) Section 1903 of the Social Security Act is amended by inserting immediately after subsection (d) thereof the following new subsection:

"(e) With respect to amounts expended during any quarter (commencing with the calendar quarter which begins on January 1, 1974) as medical assistance under the State plan (including amounts for premiums as described in subsection (a)(1)) in providing services to any individual who, at any time during the twelve-month period ending with the month preceding the month in which he

received such services resided on or adjacent to a Federal Indian reservation, and was eligible for comprehensive health services under the Indian Health Service program conducted within the Public Health Service, the Federal medical assistance percentage shall be increased to 100 per centum."

(b) Section 1903(a)(1) of such Act is amended by striking out "subsections (g) and (h)" and inserting in lieu thereof "subsections (g), (e), and (h)".

#### CERTAIN STATES DEEMED TO HAVE PLANS APPROVED UNDER TITLE XIX

SEC. 175. (a) In the case of any State (as that term is used in title XIX of the Social Security Act) which on October 1, 1973, did not have in effect a State plan approved under such title, such State shall, for any calendar quarter which commences on or after January 1, 1974, be entitled (subject to subsection (b)) to payments under section 1903 (a) (1) of such Act with respect to expenditures (made during such quarter) for premiums under part B of title XVIII of such Act (as described in such section) in like manner as if such State had, for such quarter, had in effect such a State plan and as if such expenditures were made under such State plan.

(b) Payments to any State under subsection (a) shall be conditioned upon such State's keeping (and making available to the Secretary of Health, Education, and Welfare) such records and accounts with respect to the expenditures on account of which such payments are made as the Secretary shall require in order to assure that such payments are made subject to substantially the same terms and conditions as those applicable to payments, with respect to such expenditures, which are payable under title XIX of the Social Security Act to States which have State plans approved thereunder.

#### PAYMENTS FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

SEC. 176. (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)(3)(B)(1) 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 XVII 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 submit to the Congress a report of his findings and recommendations, based on a study to be conducted as provided in paragraph (2), concerning 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 not later than July 1, 1974, except that the Secretary may, in accordance with subsection (d), submit such report not later than December 31, 1974, if he finds that additional time is required to prepare such report.

(2) The Social Security Administration shall conduct the study required by paragraph (1). Such study shall be of a representative sample of hospitals to determine the extent to which individuals who are covered under titles XVIII or XIX of the Social Security Act, other Government programs, and private programs incur expenses for physicians' professional services with respect to which payment is made on the basis of charges, the patient care practices of such hospitals (including the extent of physicians' professional services involved in such care), and the extent to which payment is appropriate under titles XVIII and XIX of the Social Security Act with respect to physicians' professional services provided in such institutions.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to June 30, 1974, 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 prior to January 1, 1975.

#### USE OF SOCIAL SECURITY ADMINISTRATION IN THE ADMINISTRATION OF MEDICARE

SEC. 181. (a) The first sentence of section 1874(a) of the Social Security Act is amended by striking out "shall be administered by the Secretary" and inserting in lieu thereof "and section 226 shall be administered by the Secretary; and the Secretary, in administering such programs, shall assign primary policy, operating, and general administrative responsibility to the Commissioner of Social Security" immediately after "Secretary".

(b) No provision of law (including any such law relating to reorganization of the departments and agencies of the Government) enacted prior to the date of enactment of this Act shall be construed as authorizing any change in the effect of the amendment made by subsection (a).

#### REIMBURSEMENT UNDER MEDICARE FOR SERVICES WITH RESPECT TO COVERAGE BASED ON CHRONIC KIDNEY FAILURE

SEC. 182. (a) Section 226(g) of the Social Security Act is amended—

(1) by inserting "(1)" immediately after "(g)",

(2) by striking out "the Secretary is authorized to" and inserting in lieu thereof "the Secretary shall",

(3) by striking out "as he may" and inserting in lieu thereof "as he shall",

(4) by striking out "a medical" and inserting in lieu thereof "an independent medical", and

(5) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding the provisions of section 1842(a), the Secretary is authorized to designate the organizations to be used in making payments with respect to kidney dialysis services and to provide for payments for such services by applying such tests of reasonableness as he may find appropriate, including a test of relationship of charges to costs of providing such services. Notwithstanding the provisions of section 1842(b)(3), the Secretary is further authorized to provide for payments for such services on the basis of specific individual services and on services expected to be rendered over a period

of time, and may apply such conditions to payment as he may find necessary to limit charges to patients in excess of those which he may find reasonable. With respect to services expected to be provided over a period of time, the Secretary may provide for payments on a retainer basis or such other basis as he may by regulation prescribe."

#### CAPITAL EXPENDITURES PLANNING

SEC. 183. (a) Section 1122(c) of the Social Security Act is amended by striking out "for the reasonable cost of performing the functions specified in subsection (b)" and inserting in lieu thereof the following: "for the reasonable cost of submitting to the Secretary reports of disapproved capital expenditures together with the reasonable cost of processing and adjudicating appeals from the recommendation made by the designated agency concerning such expenditures".

(b) Section 201(g)(1) of such Act is amended by inserting immediately before the period at the end of the first sentence the following: ", except that funds made available under this subsection for fiscal years beginning after June 30, 1974, shall not be used to pay the costs of any activity undertaken pursuant to section 1122 except as provided by such section".

#### OCCUPATIONAL THERAPY UNDER MEDICARE

SEC. 184. (a) Section 1814(a)(2)(D) of the Social Security Act is amended by inserting "occupational," immediately after "physical".

(b) Section 1835(a)(2)(A)(1) of such Act is amended by inserting "occupational," immediately after "physical".

(c) Section 1835(a)(2) of such Act is amended—

(1) by striking out the period at the end of clause (D) and inserting in lieu thereof "; and", and

(2) by adding after clause (D) the following new clause:

"(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician."

(d) The last sentence of section 1861(p) of such Act is amended by inserting "and occupational therapy services" after "speech pathology services".

(e) The amendment made by the preceding provisions of this section shall be applicable in the case of services furnished on and after the first day of the first month which begins not less than thirty days after the date of enactment of this Act.

#### BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

SEC. 185. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any hospital, skilled nursing facility, or home health agency 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.

#### OUTPATIENT SPEECH PATHOLOGY

SEC. 186. (a) Section 1861(p) of the Social Security Act is amended by inserting immediately before the period at the end thereof the following: ", except that the requirements of paragraph (2) insofar as they require a physician to establish a plan prescribing the type, amount, and duration of speech

pathology services to be furnished shall not apply if such a plan is established by the speech pathologist providing such services".

(b) The provisions of this section shall apply with respect to services rendered after the month in which this Act is enacted.

#### STATEWIDE PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

SEC. 187. Section 1152 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) In carrying out the provisions of this section, the Secretary may designate, as an appropriate area with respect to which a Professional Standards Review Organization may be designated, an area encompassing a whole State; and the Secretary shall not refuse to designate any qualified organization as the Professional Standards Review Organization with respect to such area solely because of the number of physicians in such State."

#### PROVISIONS IN DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

SEC. 188. Section 1152(c) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

"(3) The Secretary shall give priority to designation of local areas and priority in designation as the Professional Standards Review Organization for any area to an otherwise qualified organization proposed to be established and operated at a local level."

#### STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS

SEC. 189. Section 1162 of the Social Security Act is amended—

(1) by striking out in subsection (a), "three" and inserting in lieu thereof "one";

(2) by inserting in subsection (b) immediately after "for any State" the following: "in which there are located three or more Professional Standards Review Organizations";

(3) by redesignating paragraphs (1) through (3) of subsection (b) as subparagraphs (A) through (C) respectively, and by inserting "(1)" immediately after "(b)" in subsection (b); and

(4) by adding after subsection (b)(1), as redesignated, the following new paragraphs:

"(2) The membership of any such Council for any State in which there are located two Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

"(A) two representatives from and designated by each Professional Standards Review Organization in the State;

"(B) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

"(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

"(3) The membership of any such Council for any State in which there is located one Professional Standards Review Organization shall be appointed by the Secretary and shall consist of—

"(A) four physicians who shall be nominated by and elected from among the general membership of the Professional Standards Review Organization annually;

"(B) two physicians who may be designated by the State hospital association of such State to serve as members on such Council; and

"(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for member-

ship on the Council by the Governor of such State)."

**POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES**

Sec. 190. (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".

**PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM**

Sec. 191. Section 1862(c) of the Social Security Act (as added by section 210 of the Social Security Amendments of 1972) is amended by striking out "January 1, 1975" and inserting in lieu thereof "January 1, 1976."

**STUDY REGARDING COVERAGE UNDER PART B OF MEDICARE FOR CERTAIN SERVICES PROVIDED BY OPTOMETRISTS**

Sec. 192. The Secretary of Health, Education, and Welfare shall conduct a study of, and submit to the Congress not later than six months after the date of enactment of this section a report containing his findings and recommendations with respect to the appropriateness of reimbursement under the insurance program established by part B of title XIII of the Social Security Act, of services (but only to the extent any such services are presently not recognized for purposes of reimbursement) performed by doctors of optometry with respect to the provision of prosthetic lenses for patients with aphakia.

**TITLE II—CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT**

**IN GENERAL**

**Inclusion of All Wage Level Increases in Automatic Adjustment of Earnings Test**

Sec. 201. (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 Delayed Retirement**

(b) Section 202(w) of such Act is amended by 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 BENEFITS AT AGE 72 FOR UNINSURED INDIVIDUALS 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 individual 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 would 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 2991 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 Supplemental**

(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**

(1) 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**

(1)(1) 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(e), 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) 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 "(1)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and co-insurance".

**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 obligations 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 (1)" and inserting "(1) 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(a), 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 "(i)" 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 pur-

suant 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)(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."

(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. 202. (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 of 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."

(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, K, 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.

#### TITLE III—REPEAL OF DEDUCTION FOR GASOLINE TAXES

SEC. 301. (a) Section 164(a) (relating to deduction of taxes not related to a trade or business) is amended by striking out para-

graph (5) (relating to taxes on gasoline and other motor fuels).

(b) Section 164(b)(5) (relating to separately stated taxes) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel".

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

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. NELSON. Mr. President, would the Senator yield for a unanimous-consent request?

Mr. LONG. Mr. President, I yield to the Senator from Wisconsin.

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Richard Fay of my staff, be permitted the privilege of the floor during the debate on H.R. 3153.

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

Mr. LONG. Mr. President, may I suggest that Senators who would like to have their staff permitted the privilege of the floor hand me a list of the people and I will get permission for them to be on the floor.

Mr. President, I ask unanimous consent that Mr. Jeff Peterson and Mr. John Scales be permitted the privilege of the floor during the debate on H.R. 3153.

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

Mr. LONG. Mr. President, I ask unanimous consent that up until such time as I can make the request for those assistants of Senators to have the privilege of the floor, any Senator's assistant be permitted the privilege of the floor.

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

Mr. LONG. Mr. President, H.R. 3153 as reported by the Committee on Finance is a very substantial bill making important changes affecting social security, supplemental security income, social services programs, child welfare services, programs for families, medicare, and medicaid. I will have printed at the end of my statement a complete summary of the bill, but at this time I would like to mention some of the bill's main features.

#### SOCIAL SECURITY BENEFIT INCREASE

Four months ago, the Congress enacted a 5.9 percent social security benefit increase, effective next June, as a down payment on the first automatic cost-of-living increase scheduled for January 1975.

In H.R. 3153, the Committee on Finance is now recommending replacing this 5.9 percent increase by 11 percent social security benefit increase in two steps. Effective with the month of enactment, benefits would be increased by 7 percent, and the full 11-percent increase would be effective starting next June.

In the past few months, the rapid rise in the cost of living has continued to eat away at the value of the payments which go to the 30 million social security beneficiaries. In view of this decline in their real income, the committee feels that it is now necessary to raise the increase which will become effective next June from 5.9 percent to 11 percent and to make a part of that higher increase effective as soon as possible.

If the bill is enacted this month, the

benefit increases in the bill will mean that 30 million social security beneficiaries will receive an additional \$3½ billion in calendar year 1974. The bill will raise the average payment for a retired person by \$12 per month—from \$161 to \$173—and the average monthly benefit for a couple will go up \$20—from \$276 to \$296; the average benefit for an aged widow will rise from \$157 to \$169. The bill as reported by the Committee on Finance would also change the month in which future automatic benefit increases are effective from January to June. It makes these increases more responsive to cost of living changes by narrowing from 7 to 3 months the gap between the month in which increased benefits are payable and the last month used in determining the amount of the cost-of-living increase.

The bill also includes certain changes in the financing of the social security program which are necessary partly because of the changes the bill makes in benefits but also partly because the social security system is out of actuarial balance under existing law because prices have risen more rapidly relative to wages than was anticipated. The overall social security employer-employee tax rate does not change during the next 7 years.

However, the distribution of funds between the cash benefits trust funds and the hospital insurance trust fund is changed during that period. The maximum amount of annual earnings on which taxes are paid would be increased in 1974 from \$12,600 to \$13,200. As under present law, this wage base would be automatically increased in future years.

Social security benefit increases have an impact on the non-service-connected pensions payable to veterans and their survivors, since these pensions are related to the amount of income the veteran or his survivor has. In the great majority of cases, the net result of an increase in social security benefits and the decrease it causes in veterans' pensions is an overall increase in the veteran's total income. However, because the reduction in pension does offset some of the benefit increase otherwise payable and because there are a few instances in which veterans or their widows might suffer an actual loss, this problem is always a matter of concern when social security benefits are raised, and it was of critical concern to many House Members earlier this year when we passed a previous social security benefit increase. The Committee on Finance has, therefore, included in its amendment to H.R. 3153 a provision suggested by Senator RUBINOFF, who was most concerned that we assure that veterans' pensions not be reduced as a result of the two-step 11 percent social security increase in the bill.

This is a matter about which the Senator from Indiana (Mr. HARTKE) has also been repeatedly concerned. We are confident that he will support us in what we are doing in this matter.

#### TAX CREDIT FOR LOW-INCOME FAMILIES WITH CHILDREN

The committee bill includes a tax credit for low-income families with children similar to the work bonus proposal

approved overwhelmingly by the Senate last year. I am particularly pleased with this provision because it will provide an additional \$600 million in income for low-income family heads who work—and it gives them the money because they are working and because they are supporting their families.

Under the bill, low-income workers who have families would be eligible for a tax credit equal to a percentage of the social security taxes payable on account of their employment during the tax year. This percentage is equivalent to 10 percent of their wages taxed under the social security program. The maximum tax credit of \$400 would apply for families where the total income of the husband and wife is \$4,000. For families where the husband's and wife's total combined income exceeds \$4,000, the credit would be equal to \$400 minus one-quarter of the amount by which their total income exceeds \$4,000; thus, no family would be eligible for the credit once total income reached \$5,600.

Looked at another way, the tax credit is somewhat in the nature of a refund of most of the social security taxes generated by a low-income worker's employment. For most workers with families in the income range we are talking about, social security taxes are much more of a burden than income taxes, if indeed the family pays income taxes at all.

It seemed to the Finance Committee that it was appropriate to ease this burden to provide additional income to poor families while at the same time providing that income in a way that rewards their working.

#### SUPPLEMENTAL SECURITY INCOME

In January of next year, the present State welfare programs of aid to the aged, blind, and disabled will be replaced by a new federally administered supplemental security income program. Under this program, an aged, blind, or disabled individual will be assured a minimum income of at least \$130 per month, and eligible couples under the program will be assured \$195 a month. Under legislation enacted 4 months ago these amounts will be increased next July to \$140 for an individual and \$210 for a couple.

The Committee on Finance has included in H.R. 3153 a provision under which these higher amounts of \$140 for an individual and \$210 for a couple would be payable from the beginning of the new program in January. The bill further provides an increase effective in July to \$146 for an individual and \$219 for a couple. These increases are roughly equivalent to the two-step 11-percent benefit increase which is provided elsewhere in the bill to social security beneficiaries.

#### SOCIAL SERVICES

The Committee on Finance has also included an amendment to H.R. 3153 which is designed to clarify congressional intent with respect to social services programs. The Senator from Minnesota (Mr. MONDALE) deserves the credit for his initiative on this amendment and for his fine work in this area.

The committee bill would essentially follow a social services revenue sharing

approach in which the States would have virtually complete responsibility for structuring and operating their social services programs in the way in which they determine will best meet their own objectives for social services.

Since the beginning of this year the Department of Health, Education, and Welfare has been attempting to impose regulatory restrictions on State social services programs which most of the State have found objectionable and which would force many States to cut back their social services programs to levels well below the funding available under the \$2.5 billion limitation enacted last year.

Last July, the Congress acted to postpone until November 1, 1973 the Department's regulations which were then scheduled to go into effect on July 1. This postponement was intended to allow the Congress additional time to give the whole issue of the basic nature of the program the thorough consideration it deserved. Utilizing the opportunity, the Committee on Finance decided that the best solution would be to place the responsibility for the social services programs directly and fully upon the States and to give them the flexibility they need to meet that responsibility.

In deciding to give the States maximum latitude in the use of the available social services funds, the committee was not unaware of the concerns which were raised last year over the uncontrolled growth of the social services program and the allegations of questionable uses of these funds. However, we felt that the problem of uncontrolled growth is no longer an issue, since the Congress has now established a statutory \$2.5 billion annual limit on the Federal funding available for this program. Given the limited nature of the funding, the committee would expect that the States will feel the need to be careful that the funds are properly used. And to further assure that social services funds will be used responsibly, the bill requires each State to provide an annual report on the ways in which its funds are used.

The bill enumerates four goals toward which social services programs getting Federal matching should be directed: self-support, family care or self-care, community-based care, or institutional care. The bill includes an illustrative list of a number of different kinds of services which States can provide to meet these goals. This list is not intended to be exclusive, and States would be free to use the available social services funds for providing any other types of services which they find appropriate to meeting these goals.

Present law requires that, except for certain specified services, 90 percent of the Federal social services funds available to a State for families have to be used for services to actual welfare recipients, rather than to former or potential recipients. In keeping with the objective of giving the States the maximum possible latitude in the use of social services funds, the committee bill would repeal this provision of present law.

The bill does not change the overall \$2.5 billion limitation of the amount of Federal funds which may be provided each year for social services. For the current fiscal year, however, the amount of Federal funding would be limited to \$1.9 billion—the amount included in the President's budget. Under the formula in the bill, each State would be allotted an amount based on four times their expenditures for the first quarter. This would assure that no cutbacks would have to be made in ongoing programs.

After this initial allocation, most of the remainder up to the \$1.9 billion limit would be allocated on a population basis.

#### CHILD WELFARE SERVICES

As reported by the Committee on Finance, H.R. 3153 also includes two provisions designed to improve the furnishing of child welfare services. These two provisions were also proposed in committee by Senator MONDALE. One of the provisions would authorize a new Federal program designed to help find adoptive homes for hard-to-place children through the establishment of a national adoption information exchange system.

Last year the Finance Committee proposed and the Congress authorized substantially increased funds for child welfare services grants to States. Though we expected that a large part of the additional funds would be used for foster care, it was our hope that States and counties would expand preventive child welfare services with the aim of helping families stay together and avoiding the need for foster care.

The committee bill builds on last year's record by adding new provisions to the program of aid to families with dependent children and to the child welfare services program requiring the States to play a more active role in dealing with child abuse and neglect. States would be required to provide services to prevent, identify, and treat child abuse and neglect and, where feasible, to make it possible for the child to remain in his home.

#### CHILD SUPPORT

The committee believes that the problem of welfare in the United States is, to a considerable extent, a problem of non-support of children by their absent parents. In the past 5½ years, families with absent fathers have contributed about 4½ million additional recipients to the AFDC rolls. The committee believes that all children have the right to receive support from their fathers. Our bill will help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will not only be a lower welfare cost to the taxpayer but, more importantly, once an effective support collection system is established fathers will be deterred from deserting their families to welfare and children will be spared many of the effects of family breakup.

The committee bill is designed to build upon the basically sound provisions of existing law which require State and local enforcement of support obligations owed AFDC families. Administration of the law has been spotty, however, and the

marked variation between State programs is not surprising in view of the minimal encouragement and guidance provided by the Federal Government.

The committee is determined that paper compliance will no longer suffice. It mandates more aggressive administration at the Federal, State, and local levels with various incentives for compliance and penalties for noncompliance.

At the Federal level, a central locator service is established; limited use of the Internal Revenue Service tax collection mechanism is authorized; blood typing is provided free to the courts in their determination of paternity; and responsibility for the program is centered directly in one person in HEW. The States are assigned the support obligation of recipients as a condition of welfare eligibility, given more favorable Federal matching for child support activities, and allowed to garnish the wages and other benefits of runaway parents who are Federal civilian or military personnel. Moreover, a portion of the Federal share of recovered support obligations is distributed to the local governmental entity which carries out the support collection activity. Nonwelfare mothers are allowed access to governmental support collection processes at a modest fee, or at cost. On the other side of the coin, the bill provides that States which fail to establish and carry out an effective program of enforcing child support obligations will be penalized by a loss of a portion of Federal AFDC matching.

In summary, the committee bill leaves basic responsibility for child support and establishment of paternity to the States but envisions a far more active role on the part of the Federal Government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in giving direct assistance to the States in locating absent parents and obtaining child support payments from them.

Mr. President, I see that the junior Senator from Georgia (Mr. NUNN) is now in the Chamber. We on the committee owe a debt of gratitude to Senator NUNN for the suggestions he made in the bill which he introduced sometime earlier in this session and which served as a basis upon which the committee proceeded to act in the area of child support. The bill was amended, particularly on the suggestion of the Senator from Connecticut (Mr. RIBICOFF), to provide that the States administer the program with Federal cooperation. We believe that this will be an effective approach.

I think that what we have before us will meet with the overwhelming approval of the Senate, because it reflects the combined thinking of Senators who have approached this problem from a variety of points of view, we have what we believe is the best answer that our committee can offer to the Senate. We think we have achieved the purpose the Senator from Georgia sought to achieve, and we believe we have eliminated some of the procedural objections which might otherwise have been made.

#### DEMONSTRATION AUTHORITY AND AID TO FAMILIES WITH DEPENDENT CHILDREN

Over the past several years, the need for improvements in the existing welfare system for families with children has been widely recognized, but an acceptable solution to this problem has proven elusive. Quite recently, a number of States have either implemented or indicated a desire to implement demonstration projects designed to try out some innovative proposals in this area.

In order to encourage such activity on the part of the States, the Committee on Finance has included in its amendment to H.R. 3153 a provision which would broaden the demonstration authority in existing law so as to emphasize experimentation by the States in the crucial area of making employment more attractive to welfare recipients. States could have up to three demonstration projects, one of which could be Statewide. In order to carry out these projects, States could waive certain specific statutory requirements applicable to the AFDC program.

One type of project States could undertake, for example, would be to use welfare funds to pay part of the cost of public service employment. The State could then take this amount and add additional amounts in order to pay a wage substantially higher than the amount of the welfare payment. Thus, a State, for example, could have a program where welfare clients who desire to may engage in public service employment in hospitals, day care centers, or other nonprofit institutions so that they would be assured they would receive twice as much for doing useful work in the public interest as they would receive as welfare recipients. Other types of projects would also be authorized. For example, States could, within certain limits, experiment with the income disregard provision. Demonstration projects under the provision could not last more than 2 years and the provision itself expires June 30, 1976. Participation in the projects by recipients would have to be voluntary. The Federal cost would be limited to the amount of Federal matching which would be payable if participants in the projects had simply remained on welfare.

#### OTHER PROVISIONS

Mr. President, the committee bill includes a number of other provisions that I have not mentioned. I ask unanimous consent to have printed in the RECORD a summary of the provisions of the committee bill.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

#### H.R. 3153: SUMMARY OF THE COMMITTEE BILL

The bill as passed by the House would make a number of minor, clerical, and conforming changes in the Social Security Act to correct errors and oversights in the Social Security Amendments of 1972. The Committee amendment incorporates a number of substantive provisions affecting social security cash benefits, the Supplemental Security Income program, social services, child

welfare services, child support, Aid to Families with Dependent Children, Medicare and Medicaid. The Committee bill also establishes a new tax credit for low-income workers with children and, to pay the cost of the tax credit, deletes the income tax itemized deduction for State and local gasoline taxes. A summary of the Committee amendments follows.

#### 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 1974. 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 Committee 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 with the month of enactment. 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 Committee amendment 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.)

**Special minimum benefit.**—Legislation enacted in 1972 established a new special minimum social security benefit to provide a more adequate payment for those who retire after working in employment covered by social security for many years and at relatively low wage levels. Unlike the regular minimum which is typically payable to persons who have had very little employment under social security, the special minimum is so designed that it benefits only those with more than 20 years of work under social security. The amount of the special minimum under present law is equal to \$8.60 times the individual's years of coverage under social security (over 10 and up to 30). Thus, with 30 years or more of coverage, an individual qualifies for a special minimum of \$170.

Under the Committee bill, an individual with 30 years or more of coverage would qualify for a special minimum of \$182 effective with the month of enactment and \$190 effective for June 1974; thereafter, the special minimum would be increased automatically as the cost of living rises.

**Financing.**—Under the Committee 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 Committee 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		Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill		Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
<b>Employer-employee, each:</b>							<b>Self-employed:</b>						
1974 to 1977.....	4.85	4.95	1.00	0.90	5.85	5.85	1974 to 1977.....	7.00	7.00	1.00	0.90	8.00	7.90
1978 to 1980.....	4.80	4.95	1.25	1.10	6.05	6.05	1978 to 1980.....	7.00	7.00	1.25	1.10	8.25	8.10
1981 to 1985.....	4.80	4.95	1.35	1.35	6.15	6.30	1981 to 1985.....	7.00	7.00	1.35	1.35	8.35	8.35
1986 to 2010.....	4.80	4.95	1.45	1.50	6.25	6.45	1986 to 2010.....	7.00	7.00	1.45	1.50	8.45	8.50
2011 and after.....	5.85	5.95	1.45	1.50	7.30	7.45	2011 and after.....	7.00	7.00	1.45	1.50	8.45	8.50

**Veterans.**—Under a provision in the Committee bill, veterans would be protected from any loss of pension benefits related to the 7 percent and 11 percent social security benefit increases.

**Social security agreements with other countries.**—The Committee bill also includes a provision authorizing the President to enter into bilateral agreements with interested foreign countries to provide for limited coordination between this country's social security system and those of the other countries.

**Treatment of certain farm rental income.**—Another provision of the Committee bill is designed to make clear how certain farm income is to be treated for social security purposes. Under the provision, an individual land owner who enters into an agreement with a person to manage his farm shall not have his rental income under the agreement counted as income for social security purposes provided that the landowner does not participate in the management or production of the farmland.

**Cost-of-living study.**—The Committee bill includes a provision directing the Department of Health, Education, and Welfare (HEW) to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost-of-living differentials among the States or among different areas within a State.

**Policemen in Louisiana.**—The committee bill would permit policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security coverage without requiring that other State employees lose their social security coverage.

**Policemen and firemen in California.**—The Committee bill would permit policemen and firemen in California to withdraw from social security coverage without requiring that other State employees lose their social security coverage.

## TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

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

## 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 Fed-

eral 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 Committee bill would make these higher amounts of \$140 and \$210 effective from the start of the SSI program in January 1974. The Committee 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 Committee bill, therefore, repeals the prohibition against participation by SSI recipients in the food stamp program. Due to the short time left before the SSI program becomes effective, however, the Committee bill includes a transitional provision for those States that have already acted to raise benefits to take into account the loss of food stamp eligibility.

For a transitional period until July 1975, States which have already made plans to "cash out" food stamps under the SSI program would be permitted to do so, with recipients in these 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 Committee 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 Committee 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.

**Disregard of certain benefits.**—The Committee bill includes a provision under which certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit.

**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.

**Combined checks for married couples.**—In order to make it feasible for the Social Security Administration to issue joint checks to couples receiving SSI benefits who request such checks, the Committee bill includes a provision which would permit such checks to be cashed by the surviving spouse in the case of the death of the husband or wife.

## 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 Committee bill incorporates a provision in effect converting the present law as it affects social services to a \$2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing. In the fiscal year 1974, expenditures would be held to \$1.9 billion, the amount in the President's budget. The Committee provision would be effective November 1, 1973.

## CHILD WELFARE SERVICES

**National adoption information exchange system.**—The committee bill would authorize \$1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. The amendment would authorize the Secretary of Health, Education, and Welfare to "provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption."

**Child abuse and neglect, protective services.**—Last year the Congress substantially increased funds authorized for grants to States for child welfare services. Though the Congress expected that a large part of the additional funds would go toward meeting the cost of providing foster care, a specific earmarking for that purpose was avoided so that wherever possible the States and coun-



ties could use the additional funds to expand preventive child welfare services with the aim of helping families stay together thus avoiding the need for foster care. The Committee bill builds upon last year's record by adding requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

#### CHILD SUPPORT

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

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

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

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

#### AID TO FAMILIES WITH DEPENDENT CHILDREN

**Pass-along of social security benefit increase.**—To assure that recipients of Aid to Families with Dependent Children who are also social security beneficiaries receive the benefit of at least part of the social security increase, the Committee amendment would require States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective starting with the month in which the beneficiaries begin receiving increased benefits.

**Earnings disregard.**—Under present law, payments under the AFDC program are not reduced dollar for dollar because of any earnings. Instead, all work expenses are deducted from earnings. In addition, \$30 plus one-third of monthly earnings above \$30 are disregarded. Under the Committee provision, child care costs would be the only work expense that could be separately deducted from earnings; the disregard would be \$40 (rather than the present \$30) plus one-third of the next \$300 of monthly earnings plus one-fifth of earnings above this amount.

**Community work and training program.**—Under present law, States have been prohibited from establishing community work and training programs even though the Work Incentive Program is not in effect throughout the State. The Committee bill re-enacts

the legislation as it existed prior to the Social Security Amendments of 1967 so that States wishing to have community work and training programs may do so.

**Demonstration project authority.**—The Committee bill includes a provision which broadens the experimentation authority in existing law with respect to welfare programs so as to emphasize and encourage experimentation by the States in the crucial area of making employment more attractive for welfare recipients. Examples of the types of projects the Committee has in mind would be those for public service employment under which the amount of the welfare payment could be combined with State funds to provide a salary considerably more attractive than welfare. Other experimentation might involve work incentives and the AFDC income disregard. All authority for such projects would expire on June 30, 1976.

#### MEDICARE AND MEDICAID AMENDMENTS

**Medicaid eligibility.**—The Committee 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 Committee bill would make Medical coverage mandatory for those persons who receive a mandatory State supplemental payment in accordance with the provisions of Public Law 93-88. 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.

**Medicaid and Health Maintenance Organizations (HMO's).**—Another Committee amendment would apply certain quality and reimbursement standards to HMO's participating in Medicaid. The quality standards and reimbursement requirements parallel in large part, those applicable to HMO's participating under the Medicare program with modifications designed to reasonably take into account the differences between Medicare and Medicaid.

**Payments to substandard facilities.**—The Committee 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 Medical 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.

**Federal matching under Medicaid for care to Indians.**—The Committee bill contains a provision which would increase Federal matching under Medicaid to 100 percent for services provided to individuals who were eligible for services under the Indian Health Services Program and resided on or adjacent to a Federal Indian Reservation during the year before they received Medicaid services.

**Medicare administration.**—The Committee bill includes a provision formally assigning policy and operating responsibility for the Medicare program to the Social Security Administration.

**Kidney dialysis and transplantation.**—The Committee bill also requires the Secretary to develop and apply minimal utilization rates for facilities reimbursed under the dialysis and transplantation provision and mandates

the Secretary to require that such facilities have independent medical review boards to evaluate the appropriateness and site of therapy proposed for the patient.

**Capital expenditures planning.**—Last year's Social Security Amendments preclude Federal reimbursement for major capital expenditures which have been disapproved by State planning agencies. The Committee bill provides that effective July 1, 1974, authorization of reimbursement from Medicare and Medicaid for expenditures incurred in the administration of this capital planning provision shall be limited to those costs directly associated with preparing and transmitting reports and processing appeals concerning approved or disapproved capital expenditures.

**Occupational therapy.**—The Committee bill contains a provision expanding the outpatient physical therapy and speech pathology benefits as provided through clinics and other organized settings to include occupational therapy. Additionally, it provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.

**Reimbursement of institutions and organizations under Medicare.**—The Committee amended the effective date of Section 283 of P.L. 92-603 to accounting periods beginning after December 31, 1978 instead of December 31, 1973 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 Committee provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

**Speech therapy.**—The Committee bill contains a provision which makes it clear that a physician's referral for speech therapy services need not necessarily detail the amount, duration and scope of services required.

**Professional Standards Review Organizations (PSRO's).**—Another provision of the Committee bill affirmatively provides that the Secretary may designate a State as a PSRO area and that he may not refuse to make such designation solely on account of the number of physicians in a State. An additional provision specifies that the Secretary shall give priority to designating PSRO areas on a local (medical service area) basis and also give priority to designating qualified local organizations as PSRO's where feasible. While priority would be given to local areas and entities, the Secretary, as previously noted, could not rule out consideration of designating a Statewide PSRO area or organization solely on account of the number of doctors in a State. The Committee also approved a provision authorizing the establishment of Statewide PSRO Councils in States having less than three PSRO's. The principal function of such councils to hear appeals from the decisions made by local PSRO review organizations.

**Federal employees' health plan and Medicare.**—Section 210 of P.L. 92-603 requires the Civil Service Commission to assure that by January 1, 1976 Federal employees and retirees who are eligible under both the Federal employee health insurance program and Medicare be provided supplemental coverage or reduced premiums in recognition of the overlap between the two programs. To provide more time to resolve administrative difficulties which have arisen in the implementation of Section 210, the Committee approved an amendment postponing the effective date of the provision to January 1, 1976.

**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 Committee approved an amendment making

section 251 of Public Law 92-603 effective following publication of the final regulations.

**Study of optometrists' services.**—The Committee approved an amendment calling for a study by the Social Security Administration on the appropriateness of reimbursement under Medicare for services performed by optometrists with respect to the provision of corrective lenses following cataract surgery.

**Supervisory physicians.**—The Committee 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, certain provisions of Section 227 of P.L. 92-603, limiting medicare reimbursement to medical centers for the services of teaching physicians, would be suspended. However, the suspension would not apply to those hospitals which are reimbursed on a costs basis in accordance with Section 227.

#### CLERICAL AND CONFORMING AMENDMENTS

The Committee bill includes a number of provisions of a clerical and conforming character designed to correct mistakes and oversights in the Social Security Amendments of 1972.

#### TAX PROVISION

**Gasoline tax deduction.**—The Committee bill also includes a provision to eliminate the itemized deduction, for Federal income tax purposes, of State and local gasoline taxes. This provision would be effective for taxable years beginning after 1973.

Mr. LONG. Mr. President, that covers a brief summary of the committee amendments. I believe it might be well, rather than asking that they be agreed to en bloc, if the Senate at this time would simply proceed in the usual fashion to consider each amendment as it comes before the Senate. I say that because the request to consider amendments en bloc has not been cleared on the other side of the aisle. There are one or two significant provisions on which I believe the Senate would very much like to go on record, rather than agreeing to an across-the-board request.

Mr. HANSEN. Mr. President, will the distinguished Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. HANSEN. May I ask the chairman of the Finance Committee a question about dental services? Does the term "physician" as used in the November 1973 committee report mean a physician as defined under the present medicare law?

Mr. LONG. Yes, it does. As that term includes doctors or dental surgeons.

Mr. HANSEN. I thank my distinguished chairman.

#### SOCIAL SERVICES

Mr. MONDALE. Mr. President, I am deeply pleased that the pending bill—H.R. 3153, the Welfare Technical Amendments of 1973—contains provisions that would reverse the destructive social services regulations put into effect by the Department of Health, Education, and Welfare last November 1.

The social services program—first established 17 years ago—is among our oldest human service programs. It is a Federal-State partnership, with Federal matching of State contributions on a 3-to-1 basis. By law, it is directed to past, present, and potential welfare recipients.

Through provision of services by the States—such as day care for children of working mothers, help for drug addicts and alcoholics, education, and training, hot meals and other services for elderly persons at home—the social services program is designed to reduce and prevent welfare dependency, to strengthen families, and to provide alternatives to institutionalization for the aged, blind, and disabled.

Last year, as part of the Revenue Sharing Act—Public Law 92-512—the Congress, at the request of the administration, adopted a \$2.5 billion ceiling and other reforms for the social services program—to prevent abuses and to require States to more carefully order their priorities.

The social services program, with its strong role for decisionmaking and ordering of priorities on the State level, closely resembles the strategy of "revenue sharing" which the administration has advocated in other areas.

It is designed to reduce welfare dependency by helping the poor, the elderly, and the disabled to lead more independent, productive lives.

Yet, last January 16 the Department of HEW issued new regulations, which would cut the heart out of the program. The Department proposed to sharply limit the range of services open to the States, and to prohibit the use of privately-contributed funds. Most important, they proposed to limit services to the poorest of the poor, well below the maximum welfare support level.

These new regulations would reverse the basic thrust of the services program. By confining services to those below the welfare level, they would create a positive incentive to get on welfare and stay there.

With great accuracy the Washington Post described these regulations as "impoundment by redtape."

Last June 30, the Congress adopted legislation prohibiting implementation of new social services regulations before November 1 without approval of the Senate Finance and House Ways and Means Committees. No regulations have been submitted to the committees for approval; but DHEW has announced its intention to put revised regulations into effect on November 1.

It is a great disappointment that despite the concern of the Nation's Governors and local officials, an outpouring of mail from concerned persons and organizations throughout the country, days of hearings by the Senate Finance Committee, and formal action by the Congress to suspend the new regulations, the basic problems remain.

The proposed regulations have been revised at least four times since last January and improvements have been made.

Additional services have been added. The redtape involved in reporting on individual cases as often as every 3 months has been reduced. And eligibility requirements have been broadened to some degree.

But important services continue to be excluded. For example, education is perhaps the single most effective means of

rehabilitation. The HELP program at the University of Minnesota now serves 300 welfare mothers. These women, with success rates above their class average, go on to become productive tax-paying citizens. Yet education would be excluded from the social services program.

And the role of private charitable groups has been virtually eliminated.

The services program, as it has evolved over the years, has been a partnership of public and private agencies. Private groups involved in providing day care, services for the mentally retarded and the aged, and a host of other activities, have contributed funds to the States to be used in the services program. In turn, States have contracted with many of these groups to provide services. Yet the HEW regulations destroy this partnership by prohibiting States from contracting for services with any agency which has contributed funds.

Most disappointing of all, the November 1 regulations continue to ignore the goal of reducing and preventing welfare dependency. They limit services to past welfare recipients to 3 months, and they limit services to potential recipients to those likely to be on welfare within 1 year. And for most services, they impose an additional restrictive income test. In most States this would limit services to families below the maximum welfare level, creating a tremendous disincentive towards leaving welfare. And in many cases, this approach will prohibit any assistance to intact, two-parent families. It will prohibit any aid to elderly persons under 64 years old.

I find these regulations incredible from an administration that claims to believe in granting more discretion to the States, that claims to be in favor of work, and in favor of reducing the welfare load. I cannot understand why, after the great bipartisan expression of concern from the Congress, the Nation's Governors local officials, the administration has refused to modify this callous and counter-productive approach.

And I cannot accept Secretary Weinberger's decision to put these regulations into effect November 1, in the face of the Finance Committee's unanimous request for delay while the pending legislation moves through the Congress.

Do we want to deny day care services to low-income mothers who find work? And what sense does it make to offer an alcoholic help only after he loses his job? The lines are clearly drawn. In a Finance Committee hearing last May, Chairman LONG expressed the concerns of the Congress:

In these hearings, the committee will want to be sure that the regulations are not penny-wise and pound foolish. We don't want to cut off low-income working persons from the day care, family planning or other services they need to stay off welfare.

On October 3 of this year I introduced legislation together with Senators BENTSEN, JAVITS, and PACKWOOD, and 36 cosponsors. Companion legislation was introduced in the House by Representative CORMAN with over a hundred cosponsors. That legislation received the support of the National Governors Conference and a broad range of concerned organiza-

tions. I ask unanimous consent that a list of the cosponsors of S. 2528, and a list of supporting organizations may appear at the conclusion of my remarks.

The provisions contained in the pending bill are not identical to those of S. 2528. In essence, the committee has decided to rest the ultimate judgment of what services shall be offered, and the standards of eligibility for those services up to the States, within the context of congressionally defined purposes and goals, and under the requirement that States report to the Congress, through the Secretary of HEW, on their uses of social services funds.

I would have preferred to see the Secretary of HEW vested with authority to disapprove funding for activities not consistent with the goals of the services program. But, in view of the incredible resistance which this administration has shown to the legitimate concerns of the Congress, State, and local government, and concerned groups and individuals, I will not challenge the committee's determination that ultimate authority should rest with the States, under requirements to report, rather than with the Secretary.

The committee reported bill does contain the fundamental objectives which we want to achieve through S. 2528.

It contains our statement of the purposes and goals of the services program.

**First, self-support goal:** To achieve and maintain the maximum feasible level of employment and economic self-sufficiency.

**Second, family care or self-care goal:** To strengthen family life and to achieve and maintain maximum personal independence, self-determination and security in the home, including, for children the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children.

**Third, community-based care goal:** To secure and maintain community-based care which approximates a home environment, when living at home is not feasible and institutional care is inappropriate.

**Fourth, institutional care goal:** To secure appropriate institutional care when other forms of care are not feasible. And it contains a list of 24 services which do meet these purposes and goals, to prevent any confusion on the part of a State government and the Department of HEW, that key services are included.

I ask unanimous consent that this list of services may appear at this point in the Record.

There being no objection, the list of services was ordered to be printed in the Record, as follows:

(A) child care services for children, 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 service is needed (i) in order to enable a member of such child's family to accept or continue in employment, or to participate in education or training to prepare such member for employment, or (ii) because of the death, continued absence from the home, incapacity or inability of the child's mother, or the inability of any member of such child's family

to provide adequate care and supervision for such child;

(B) child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

(C) services for children in foster care including services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished under the State's title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those forms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

(D) protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

(E) family planning services (including social, educational, and medical services for any female of child bearing age and any other appropriate individual needing such service): *Provided*, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for any other service;

(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

(G) services for adults in foster care not available under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including assessment of need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and services to assist adults in leaving foster care to attain independent living;

(H) homemaker services for individuals in their own homes, including helping individuals to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker;

(I) chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable

to perform such tasks himself and they do not require the services of a trained homemaker or other specialists;

(J) home delivery or congregate meals and the preparation and delivery of hot meals to an individual in his home or in a central dining facility, to assist the individual to remain in his home, and to assure sound nutrition;

(K) day care services for adults, including meal preparation and serving, companionship, educational and recreational activities, and rehabilitation activity when provided for less than a twenty-four-hour period in a group or family setting;

(L) health-related services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and other needed health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

(M) home management and other functional educational services, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance;

(N) Housing improvement services, including helping individuals to obtain or retain adequate housing and minor repairs necessary for personal protection;

(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish paternity and child support and services related to adoption;

(P) transportation services necessary to travel to and from community facilities or resources for receipts of services;

(Q) educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program;

(R) employment services to enable individuals to secure paid employment or training leading to such employment, including vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment and other services that will assist in the individual's plan for achieving full or partial self-support, where there are needs not met by the work incentive program;

(S) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, personal, or economic habilitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and social services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar special services for other individuals requiring such services because of developmental disability;

(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication

skills; special aids and appliances; and special counseling for caretakers of blind children and adults;

(V) services for alcoholism and drug addiction for an individual who is becoming dependent on or is addicted to alcohol or other drugs as determined by the standards set by the State agency designated by the State under the Comprehensive Alcohol Abuse and Treatment Act of 1970 and the Drug Abuse and Treatment Act of 1972, if such services are needed as part of a program for prevention or treatment of addiction or the conditions arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients receiving services in a supportive environment (such as a halfway house, hostel, or foster home) and including medical services (such as psychiatric services) incidental to the provision of a social service;

(W) special services for the emotionally disturbed as defined by the State;

(X) special services for the physically handicapped as defined by the State; and

(Y) any other services which the State finds appropriate for meeting the goals of self-support, family care or self-care, community based care, or institutional care.

Mr. MONDALE. Mr. President, second, the bill contains our provision designed to assure that in the future social serv-

ices funds will be used to finance new activities, rather than simply to replace State funding of existing programs.

Third, the committee bill contains our provision protecting the right of States to use privately contributed funds as part of their matching share—so long as funds are donated on an unrestricted basis. Contributions may be earmarked for a particular service in a named community, and States will be free to contract for services with agencies which have donated funds. However, private groups cannot condition contributions on the issuance of a contract. The State must remain free to provide the service directly or to contract with another private agency.

Finally, the States would be free to define eligibility for services, to fulfill the broad Federal goals outlined above.

I believe that the committee has reached a livable compromise between those of us who wish essentially to preserve the social services program as it has developed over the years and those who wish to convert the program into unrestricted revenue sharing, with no guidelines for provision of services, no

prohibition against refinancing of existing programs, and no provision for participation of privately donated funds.

I deeply regret the need to impose a \$1.9 billion ceiling on social services expenditures for the current fiscal year, as the committee bill does. This is the amount contained in the President's budget, although current spending in the face of their restrictive regulations has been reduced to the annual level of \$1.2 billion.

This temporary, 1-year ceiling is designed in such a way that no State will be required to reduce the level of services which it is now provided, and the great majority of States will be allowed to expand services during the current year. And for the fiscal year beginning next July 1, the full \$2.5 billion ceiling adopted by the Congress last fall will be in effect.

I ask unanimous consent that a table of State-by-State allocations under the committee bill may appear at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

ESTIMATED DISTRIBUTION OF FEDERAL SOCIAL SERVICES FUNDS UNDER COMMITTEE BILL, BASED ON NEW ADJUSTED ESTIMATES OF STATE EXPENDITURES IN FIRST QUARTER OF FISCAL YEAR 1974

State	Estimated funding for fiscal year 1973	Fiscal year 1974 funding to continue current funding level <sup>1</sup>	Allocation of funds above current level (up to \$1.9 billion)	Total fiscal year 1974 funding available under bill	Funding available in fiscal year 1975
Total	\$1,548,219	\$1,598,096	\$301,904	\$1,900,000	\$2,500,000
Alabama	16,279	19,980	5,032	25,012	42,140
Alaska	5,895	3,637	2,258	5,895	3,901
Arizona	3,182	3,400	2,788	6,188	23,351
Arkansas	7,236	7,488	2,835	10,323	23,747
California	211,584	221,733	24,000	245,733	245,733
Colorado	21,880	25,200	3,098	28,298	28,298
Connecticut	21,067	27,795	4,418	32,213	37,002
Delaware	8,237	7,783	2,514	8,237	6,783
District of Columbia	8,320	8,976	4	8,980	8,980
Florida	42,025	62,033	10,405	72,438	87,150
Georgia	48,488	48,000	6,766	54,766	58,667
Hawaii	2,321	7,584	1,160	8,744	9,712
Idaho	4,703	6,000	1,084	7,086	9,076
Illinois	131,771	68,904	16,128	85,032	135,078
Indiana	7,230	7,283	7,584	14,867	63,522
Iowa	12,674	14,780	4,133	16,933	34,812
Kansas	6,902	7,200	3,237	10,437	27,109
Kentucky	25,772	26,032	4,729	30,761	39,607
Louisiana	20,738	25,812	5,332	31,144	44,661
Maine	8,672	7,500	1,475	8,975	12,354
Maryland	26,897	45,872	2,823	48,695	48,695
Massachusetts	16,863	21,432	8,295	29,727	69,477
Michigan	55,341	75,000	13,019	88,019	109,036
Minnesota	29,317	32,000	5,585	37,585	46,774
Mississippi	11,541	9,000	3,244	12,244	27,169
Missouri	\$15,069	\$18,000	\$6,813	\$24,813	\$57,063
Montana	3,731	4,860	1,031	5,891	8,632
Nebraska	9,959	10,244	2,186	12,430	18,309
Nevada	1,751	1,980	755	2,735	6,327
New Hampshire	4,048	6,589	1,105	7,694	9,256
New Jersey	38,482	40,696	10,561	51,257	88,446
New Mexico	6,718	9,856	1,527	11,383	12,786
New York	220,497	220,497	0	220,497	220,497
North Carolina	20,317	30,293	7,423	37,716	62,598
North Dakota	3,998	4,495	906	5,401	7,588
Ohio	41,653	48,000	15,458	63,458	129,458
Oklahoma	24,808	28,216	3,407	31,623	31,623
Oregon	26,196	26,196	0	26,196	26,196
Pennsylvania	87,931	84,804	17,095	101,899	143,180
Rhode Island	9,418	9,212	1,387	10,599	11,622
South Carolina	9,752	13,520	3,820	17,340	31,995
South Dakota	2,469	2,340	974	3,314	48,152
Tennessee	24,956	20,000	5,778	25,778	48,395
Texas	99,087	90,544	16,698	107,242	139,655
Utah	5,479	5,400	1,614	7,014	13,518
Vermont	3,172	4,500	562	5,162	5,547
Virginia	20,212	24,310	6,829	31,139	57,195
Washington	49,672	35,168	13,771	48,939	41,336
West Virginia	8,171	13,520	2,553	16,073	21,392
Wisconsin	54,266	54,266	0	54,266	54,266
Wyoming	714	1,266	495	1,761	4,142

<sup>1</sup> 4 times the funding level attained in the July-September 1973 quarter (but not exceeding State's maximum allocation under \$2,500,000,000 limit). Based on NEW adjusted estimates of State expenditures for that quarter.

<sup>2</sup> Allocation on population basis. Includes amounts (not exceeding amounts available for the first quarter of fiscal 1973 under sec. 403 of Public Law 92-603) necessary to maintain States at fiscal year 1973 funding level: Alaska, \$1,994,000; Delaware, \$2,514,000; and Washington, \$8,336,000.

<sup>3</sup> Includes about \$37,000,000 (not shown as allocated) available to States which have already planned an expansion of their service programs in fiscal year 1974 and for funding of high priority programs.

Source: Prepared based on material submitted by the Department of Health, Education, and Welfare.

Mr. MONDALE. Mr. President, it should not be necessary to reduce spending for this fiscal year by \$600 million beneath the \$2.5 billion level which Congress and the President promised last fall. But the need to reverse the administration's regulations is critical, and the \$1.9 billion ceiling should remove the slightest excuse for Presidential veto.

One major difference remains. Unlike the coalition bill which I introduced, the committee amendment fails to provide standards for federally funded day care.

I have spent a tremendous amount of time in the last several years working in the area of day care and child development, as chairman of the Subcommittee on Children and Youth and as chief sponsor of the comprehensive child development and family services legislation which has passed the Senate in each of the last 2 years.

During this time I have had a chance to talk with experts, with parents, day care administrators, and a wide variety of people interested in and involved in this field. I have visited a wide variety of

preschool programs including part-day Headstart programs and full-day day care programs. This work has convinced me of the positive contribution that quality day care—with parental participation, adequate staffing, and a concern for the health and education of the children involved—can make to children and their families. It has also convinced me that the children can suffer severe and sometimes permanent damage if the day care they participate in is understaffed and otherwise inadequate.

Day care, in short, can be either bene-

cial or destructive. Some care is not always better than no care at all. Indeed, some low quality day care is downright harmful.

The single best protection we have against substandard day care is the existence and enforcement of decent standards. It is absolutely essential that we assure that Federal funds are not used to encourage or support programs that harm children.

And therefore I am today introducing an amendment, on behalf of myself, Senator BUCKLEY, Senator JAVITS, Senator RIBICOFF, Senator CRANSTON, Senator COOK, Senator HOLLINGS, Senator STAFFORD, and Senator PACKWOOD to restore the standards under which these programs have operated for the past 5 years.

Under this amendment, in-home care would continue to be subject to State established standards which are consistent with the recommendations of national standards setting organizations. And day-care centers would continue to be required to receive State licensing, or to meet the standards for such licensing, and to comply with the Federal Interagency Day Care Requirements of 1968.

The Congress must continue, as it has in the past, to insist that federally supported day care programs provide adequate protection for the children and families involved.

Mr. President, the social services provisions of the pending legislation—which have faced such persistent and energetic opposition from this administration—would not have been possible without the hard work and continuing commitment of the Nation's Governors and local officials, and of a broad coalition of public service organizations.

I would like to express my special appreciation for the leadership shown by Gov. Dan Evans of Washington, chairman of the National Governors Conference; Gov. Dale Bumpers of Arkansas; and Gov. Jimmy Carter of Georgia, for their work in organizing the Governors' contribution. And I wish also to express my thanks to Allen Jensen of the staff of the Governors Conference for all of his work.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of sponsors of S. 2528, the Social Services Amendments of 1973, and a list of organizations supporting it.

There being no objection, the lists were ordered to be printed in the RECORD, as follows:

**COSPONSORS OF S. 2528, THE SOCIAL SERVICES AMENDMENTS OF 1973**

Mr. Abourezk, Mr. Bayh, Mr. Burdick, Mr. Case, Mr. Chiles, Mr. Clark, Mr. Cook, Mr. Cranston, Mr. Eagleton, Mr. Hart, Mr. Hatfield, Mr. Hathaway, Mr. Ruddlestone, Mr. Hughes, Mr. Humphrey, Mr. Jackson, Mr. Kennedy, Mr. Mathias, Mr. McGee.

Mr. McIntyre, Mr. Metcalf, Mr. Montoya, Mr. Moss, Mr. Muskie, Mr. Nelson, Mr. Pell, Mr. Percy, Mr. Randolph, Mr. Ribicoff, Mr. Roth, Mr. Schweiker, Mr. Hugh Scott, Mr. Stafford, Mr. Stevenson, Mr. Tunney and Mr. Williams.

**ORGANIZATIONS SUPPORTING S. 2528, THE SOCIAL SERVICES AMENDMENTS OF 1973**

National Governors Conference, Southern Governors, AFL-CIO, National Council of

State Public Welfare Administrators, Child Welfare League of America, Council on Social Work Education, League of Women Voters, National Council of Community Mental Health Centers, National Association for Retarded Children.

National Association of Counties, National Association of Social Workers, United Auto Workers, United Methodist Church and United Methodist Church Women's Division, Washington Research Project Action Council, American Parents Committee and the Legislature of the State of Michigan.

Mr. RIBICOFF. Mr. President, I call up my amendment No. 542 as modified and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. RIBICOFF. 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 the amendment will be printed in the RECORD.

Mr. SCHWEIKER. Mr. President, I urge the Senate to give its swift approval to H.R. 3153, the Social Security Amendments of 1973 which would provide an 11-percent increase in social security benefits, and make improvements in supplemental security income payments to the aged, blind, and disabled.

The 5.9 percent social security increase originally scheduled for July 1974, would have been too little, too late. That is why I support H.R. 3153 to raise the increase to 11 percent. This increase would occur in two steps. The first step would be a 7-percent benefit increase effective the month of enactment. This would be followed by a second increase, starting June 1974, to bring the benefits up to 11 percent above the present level. It is imperative that the Senate act soon to protect our senior citizens from the ravages of inflation.

No group of Americans has been hit harder by skyrocketing consumer prices than our senior citizens. Forced to live on fixed incomes, they do not have the benefit of timely automatic cost-of-living increases to help stem the tide. The 11-percent increase we consider today is the very least we can do to reflect the unusual economic hardships imposed upon older Americans.

While on the subject of automatic cost-of-living adjustments, I believe the Senate must soon turn its attention to making this mechanism more responsive to the needs of social security recipients. Rather than continual stopgap measures to help the aged catch up to inflation, we should accelerate the automatic cost-of-living procedure so that it helps our senior citizens keep even with or ahead of inflation.

The proposal we consider today would increase average monthly social security benefits from \$166 to \$186 for retired workers; from \$276 to \$310 for aged couples; and from \$157 to \$177 for elderly widows.

Although the Social Security Administration's own actuarial tables show a surplus in the trust fund sufficient to cover the proposed increase, the increase in the tax base proposed by the Finance Committee is certainly a fiscally respon-

sible action. It would not affect nearly 80 percent of the Nation's covered employees whose income is already under the present taxable wage base.

Mr. President, I must note at this time that I was disappointed when the contents of S. 2528 were struck from H.R. 3153 by the Senate Finance Committee. For quite some time, I have been gravely concerned with the reduction or elimination entirely of many social service programs, particularly those designed to serve our senior citizens. For this reason, I cosponsored S. 2528 which would have required the Secretary of Health, Education, and Welfare to give the States maximum freedom to determine eligibility for services and the way in which the programs would be operated. I was pleased when S. 2528 was initially incorporated as an amendment to H.R. 3153 by the committee. This legislation included specific authority to permit the delegation of eligibility determinations to other agencies in the case of purchased services. Services for the blind and aged were defined in the bill as specifically allowable, and it required other services requested by a State be allowed unless HEW found them inconsistent with the purpose of the services program. Finally, this legislation authorized use of private donated funds, including "in-kind contributions," as the States share of matching funds for social services. The bill currently before the Senate is similar and generally consistent with the provisions of S. 2528. Although I would have preferred the language contained in S. 2528, I, nevertheless, support the pending bill.

The text of the amendment is as follows:

At the end of p. 153 of the bill, insert the following new section:

Sec. 193. (a) Section 226(c)(1) of the Social Security Act is amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of such Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (3) the following new paragraph:

"(4) eligible drugs."

(d) Section 1813(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section 1823, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and purchased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be \$1."

(e) (1) Section 1814(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and (C) by inserting after paragraph (7) the following new paragraph:

"(8) with respect to drugs or biologicals furnished pursuant to and requiring (except for insulin) a physician's prescription, such

drugs or biologicals are eligible drugs as defined in section 1861(t) and the participating pharmacy (as defined in section 1861(dd)) has such prescription in its possession, or some other record (in the case of insulin) that is satisfactory to the Secretary."

(2) Section 1814(b) of such Act is amended—

(A) by inserting "(1)" after "(b)";

(B) by redesignating paragraphs (1) and (3) as subparagraphs (A) and (B) respectively,

(C) by redesignating in subparagraph (A), as redesignated, clauses (A) and (B) as clauses (1) and (2);

(D) by inserting "(other than a pharmacy)" immediately after "provider of services"; and

(E) by adding at the end thereof the following new paragraph:

"(2) The amount paid to any participating pharmacy which is a provider of services with respect to eligible drugs for which payment may be made under this part shall, subject to the provisions of section 1813, be the reasonable allowance (as defined in section 1823) with respect to such drugs."

(3) Section 1814 of such Act is amended by adding at the end thereof the following new subsection:

"LIMITATION ON PAYMENT FOR ELIGIBLE DRUGS

"(j) Payment may be made under this part for eligible drugs only when such drugs are dispensed by a participating pharmacy; except that payment under this part may be made for eligible drugs dispensed by a physician where the Secretary determines, in accordance with regulations, that such eligible drugs were required in an emergency or that there was no participating pharmacy available in the community, in which case the physician (under regulations prescribed by the Secretary) shall be regarded as a participating pharmacy for purposes of this part with respect to the dispensing of such eligible drugs."

(g) Part A of title XVIII of such Act is further amended by adding after section 1819 the following new sections:

#### "MEDICARE FORMULARY COMMITTEE

"Sec. 1820. (a) (1) There is hereby established, within the Department of Health, Education, and Welfare, a Medicare Formulary Committee (hereinafter referred to as the 'Committee'), a majority of whose members shall be physicians and which shall consist of the Commissioner of Food and Drugs and of four individuals (not otherwise in the employ of the Federal Government) who do not have a direct or indirect financial interest in the composition of the Formulary established under this section and who are of recognized professional standing and distinction in the fields of medicine, pharmacology, or pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Chairman of the Committee shall be elected annually from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years; except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary

(but not in excess of the daily rate paid under GS-16 of the General Schedule under section 5332 of title 5, United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c) (1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

#### "MEDICARE FORMULARY

"Sec. 1821. (a) (1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the 'Formulary').

"(2) The Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

"(b) (1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

- "Adrenocorticoids
- "Anti-anginals
- "Anti-arrhythmics
- "Anti-coagulants
- "Anti-convulsants (excluding phenobarbital)
- "Anti-hypertensives
- "Anti-neoplastics
- "Anti-Parkinsonism agents
- "Anti-rheumatics
- "Bronchodilators
- "Cardiotonics
- "Cholinesterase inhibitors
- "Diuretics
- "Gout suppressants
- "Hypoglycemics
- "Mitotics
- "Thyroid hormones
- "Tuberculostatics

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drugs entities (or dosage forms and strengths thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.

"(3) Such listing shall include the prices at which the products (in the same dosage form and strength) of such drugs entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1823(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established name (and dos-

age form and strength) are sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage form thereof) shall be included in or excluded from the Formulary, the Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drugs and other knowledgeable persons or organizations to make available to the Committee information relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its use thereof to the proper exercise of its authority.

"(d) (1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be:

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision to remove from listing in the Formulary any drug entity (or dosage forms or strengths thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

"(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requisite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug entity and, if such petition is denied by the Formulary Committee, shall upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

#### "LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES

"Sec. 1822. (a) Any provider of services as defined in section 1861(u), whose services are otherwise reimbursable, under any program under this Act in which there is Federal financial participation on the basis of 'reasonable cost', shall not be entitled to a professional fee or dispensing charge or reasonable billing allowance as determined pursuant to this part.

"(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.

#### "REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

"Sec. 1823. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined

in subsection (h) of this section) means the following:

"(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of—

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (c) of this section.

"(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

"(b) (1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to assure actual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

"(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(c) (1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)), a participating pharmacy shall, in the form and manner prescribed by the Secretary, file with the Secretary, at such times as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a provider of services under this part, shall, except for subsection (a) (1) (A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest fee or charges filed by 75 per centum of participating pharmacies (with such pharmacies classified on the basis of (A) lesser dollar volume of prescriptions and (B) all others) in a census region which were customarily charged to the general public as of June 1, 1972. Such prevailing professional fees or dispensing charges may be modified by the Secretary in accordance with criteria and types of data

comparable to those applicable to recognition of increases in reasonable charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge does not exceed its customary charge."

(h) Section 1861(t) of such Act is amended—

(1) by inserting ", or as are approved by the Formulary Committee" and after "for use in such hospital"; and

(2) by adding at the end thereof the following new sentence: "The term 'eligible drug' means a drug or biological which (A) can be self-administered, (B) requires a physician's prescription (except for insulin), (C) is prescribed when the individual requiring such drug is not an inpatient in a hospital or extended care facility, during a period of covered care, (D) is included by strength and dosage forms among the drugs and biologicals approved by the Formulary Committee, (E) is dispensed (except as provided by section 1814(j)), by a pharmacist from a participating pharmacy, and (F) is dispensed in quantities consistent with proper medical practices and reasonable professional discretion."

(1) Section 1861(u) of such Act is further amended by striking out "or home health agency" and inserting in lieu thereof "home health agency, pharmacy."

(j) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

"(aa) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital) providing pharmaceutical services, (1) which is licensed as such under the laws of the State (where such State requires such licensure) or which is otherwise lawfully providing pharmaceutical services in which such drugs is provided or otherwise dispensed in accordance with this title, (2) which has agreed with the Secretary to act as a provider of services in accordance with the requirements of this section, and which complies with such other requirements as may be established by the Secretary in regulations to assure the proper, economical, and efficient administration of this title, (3) which has agreed to submit, at such frequency and in such form as may be prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amounts in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a) (4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as is in excess of the reasonable allowance established for such drug entity in accordance with section 1823."

(k) (1) The first sentence of section 1866 (a) (2) (A) of such Act is amended by striking out "and" (ii) and inserting in lieu thereof the following: "(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861 (aa) (4), and (iii) "

(2) The second sentence of section 1866 (a) (2) (A) of such Act is amended by striking out "clause (ii)" and inserting in lieu thereof "clause (iii)".

(1) Notwithstanding any other provision of this Act, the amendments made by this section shall apply with respect to eligible drugs furnished on and after the first day of July 1974.

Mr. MONDALE. Mr. President, I ask unanimous consent that Mr. Sidney Johnson and Mr. Bert Carp of my staff have the privilege of the floor during the consideration of H.R. 3153.

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

Mr. RIBICOFF. Mr. President, this amendment provides medicare coverage for certain life-saving drugs purchased outside the hospital.

Senators may recall that an identical proposal passed the Senate last year but, unfortunately, was dropped in conference.

One of the great gaps in the medicare program has been the coverage for out-of-hospital drugs. Medicare pays for most prescription drugs which are administered while beneficiaries are confined to a hospital or skilled nursing facility. But out-of-hospital drugs are not covered.

The costs of these medicines make up a large part of the expenses associated with an illness and can run into hundreds or even thousands of dollars.

The problem is especially acute for those with chronic illnesses. Their average drug expenditures run three times as high as those without such illnesses.

For medicare beneficiaries the problem is getting worse every year. Average drug charges per medicare beneficiaries increased 40 percent between 1967 and 1971. Total out-of-pocket drug costs for these older Americans increased from \$777 million to \$1.2 billion in 1971.

Our proposal would help these senior citizens to meet many of these costs.

The proposed legislation I am submitting would provide drug coverage benefits for all persons covered under part A of medicare—over 20 million senior citizens. The benefits would be available for drugs necessary in the treatment of the following chronic diseases:

Diabetes, high blood pressure, chronic cardiovascular disease, chronic respiratory disease, chronic kidney disease, arthritis and rheumatism, gout, thyroid disease, cancer, epilepsy, Parkinson's disease, myasthenia gravis, tuberculosis and glaucoma.

A patient needing prescription drugs to treat such diseases would be able to purchase them through a participating pharmacy for \$1. Medicare would cover additional costs.

The proposal would exclude drugs not requiring a physician's prescription—except for insulin—drugs such as antibiotics which are generally used for a short period of time and drugs such as tranquilizers and sedatives which may be used not only by beneficiaries suffering from serious chronic illnesses, but also by many other persons as well.

Ever since the inception of the medicare program it has been recognized that providing coverage for drugs is of the utmost importance if we want to help America's senior citizens hold down their medical costs. This legislation passed the Senate last year but was deleted in conference. I hope that Congress will take fast action to bring relief to the millions of medicare participants who up to now have had to single handedly bear the burden of purchasing drugs.

Mr. President, this is a very urgently needed amendment.

I ask unanimous consent that a list of the distinguished Senators whose names are attached to the amendment be included as cosponsors of the amendment.

There being no objection, the list was ordered to be printed in the Record, as follows:

Cosponsors of amendment 542 to H.R. 3153, to provide medicare coverage for prescription drugs purchased outside the hospital.

Moss (Utah).  
Hart (Michigan).  
Burdick (North Dakota).  
Biden (Delaware).  
Stevenson (Illinois).  
Montoya (New Mexico).  
Abourezk (South Dakota).  
Hughes (Iowa).  
Hollings (South Carolina).  
Gurney (Florida).  
Church (Idaho).  
Dominick (Colorado).  
Humphrey (Minnesota).  
Clark (Iowa).  
McIntyre (New Hampshire).  
Bible (Nevada).  
Williams (New Jersey).  
Case (New Jersey).  
Mondale (Minnesota).

Mr. RIBICOFF. Mr. President, I ask unanimous consent that a statement by the distinguished senior Senator from New Mexico (Mr. MONTROYA) be printed in the Record at the conclusion of my remarks.

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

(See exhibit 1.)

#### EXHIBIT 1

##### STATEMENT BY SENATOR MONTROYA

In past years I have introduced proposed legislation to afford some degree of protection to older Americans confronted with the need to purchase costly prescription drugs. At the very least, these drugs become a burden on the already tightly stretched budgets of the elderly. For some, the cost of medication is a financial catastrophe that has far-reaching effects both on the elderly person and on his family and friends.

Since last I worked on an out-patient drug insurance program, the cost of living, staple prices and inflation, have cut deeper into small, fixed incomes. Now the cost to the old to heat their homes and provide warm security for their future is spurting upward. And drugs themselves, always a financial drain on the elderly, now cost more.

Today, I am glad to join Senator Ribicoff in sponsoring legislation to provide what I believe to be a workable insurance program that would provide much needed assistance to millions of hard pressed elderly citizens with chronic illnesses. In the years since 1965, I have offered proposals substantially similar to this measure. Last year, this concept was endorsed unanimously by the Senate, but dropped in conference with the House. I sincerely feel that the time has come for a new look at the needs of the elderly who are chronically ill.

When I first introduced legislation to provide assistance for elderly persons confronted with costs of prescription drugs, I sought to have the costs of all drugs covered. During committee hearings, however, it became clear that the measure originally would have been prohibitively expensive. Costs were estimated at \$2.6 billion. On the other hand, it became apparent to the committee that drug costs incurred by the elderly, especially continuing costs of chronic illness, are impossibly high.

As a result, modifications were made which reduced the expected cost of the legislation to \$740 million yearly, while still providing protection for those who need it most.

I am sure every Senator is aware of the difficulties encountered by older citizens subsisting on the little income most of the elderly receive. These tiny amounts made up of pensions, social security and retirement benefits, at best are barely able to keep pace with the cost of living. While a person struck by a sudden illness may be forced to expend a great deal of his income over several months for drugs, his illness will usually be temporary and require short term expense. But a chronic, lingering malady, such as heart disease, can require such large and continuing expenses for medication that hopelessness and loss of zest for life ahead may set in. Instead of viewing medicines as preservers of life, many chronically ill, elderly people see their lives as wearisome spirit-sapping treks from one costly prescription to the next.

We must provide those older Americans with the normal assistance they need. All but the newest members of the Senate agreed last year on the necessity for this legislation. I trust we can do so again.

We must not be careless with the finances of the United States, but we must place this proposal for the elderly high on the national list of priorities. Such action is only humane. Moreover, the measure will eventually become law and its immediate enactment will lighten the burden the elderly must face every month until we act.

Mr. RIBICOFF. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were not ordered.

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

Mr. RIBICOFF. I yield.

Mr. LONG. We will come back to the request for the yeas and nays in a few minutes.

Mr. President, I ask unanimous consent that the following staff members be permitted the privilege of the floor during the consideration of this measure. They are in addition to the names I have already requested:

Mike Showmaker, Pam Duffy, John Scales, John Cevette, Jon Steinberg, Owen Malone, Dave Lambert, Mr. Mahoney, and Mr. Callaway of Senator McCLELLAN's staff, Gene Mittelman, Charles Warren, Jay Cutler, Tyler Craig, and Bill Wohlford.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. MONDALE. Mr. President I ask unanimous consent that Sidney Johnson of the Labor and Public Welfare Committee staff and Bert Carp of my staff be granted floor privileges during the consideration of H.R. 3153.

The PRESIDING OFFICER. Without objection, the request is granted.

Mr. LONG. Mr. President, does the Senator from Connecticut desire the yeas and nays on this amendment?

Mr. RIBICOFF. Yes, I do.

Mr. LONG. Mr. President, I ask that the yeas and nays be ordered.

The yeas and nays were not ordered.

Mr. LONG. Mr. President, I ask unanimous consent that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, what is the request?

The PRESIDING OFFICER. The Sen-

ator from Louisiana has asked unanimous consent that the yeas and nays be ordered.

Mr. ROBERT C. BYRD. Mr. President, I hope that the Senator from Louisiana will forgive me, but I shall have to object to that request. However, I shall be happy to assist in obtaining the yeas and nays, so I shall suggest the absence of a quorum.

Mr. LONG. Mr. President, permit me to say that while we are spending time trying to get a sufficient number of Senators, it does seem to me—

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

Mr. LONG. Mr. President, will the Senator from West Virginia withhold his request to permit me to make a brief statement?

Mr. ROBERT C. BYRD. Mr. President, I withhold my request. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, by way of trying to save time, the greatest waste of time that I know of that exists in this body, and the greatest waste of energy, involves scurrying around from pillar to post, trying to drag 70 or 80 Senators into the Chamber, while we try to get the yeas and nays. Every Senator knows that all that is necessary is to ring one long bell, and Senators will come to the Chamber. But if there is merely a quorum call, Senators are going to ask, "What is the quorum call for?" They will ask, "Isn't anyone there?" They want to know whether they are trying to get more Senators to the Chamber or are looking for a speaker. They want to know just what is in a Senator's mind.

This matter of hauling 10 or 15 people into the Chamber only to go back from whence they came is against my better judgment and a matter about which I have protested. I am aware of the rules of the Senate.

Mr. President, I suggest the absence of a quorum in order to cooperate with this dilatory tactic.

Mr. ROBERT C. BYRD. Mr. President, I could not agree with the Senator more. We waste a tremendous amount of time trying to secure a sufficient number of Senators from time to time to have a show of hands to sustain the demand for the yeas and nays.

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

Mr. LONG. I yield.

Mr. MATHIAS. Seek and ye shall find, ask and it shall be given.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut. 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 Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTROYA), the Senator from Utah (Mr. MOSS), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I also announce that the Senator from



Missouri (Mr. Symmeton) is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico (Mr. MONTROYA) and the Senator from Illinois (Mr. STEVENSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), and the Senator from Florida (Mr. GURNEY) are necessarily absent.

The Senator from Arizona (Mr. FANNIN) and the Senator from Idaho (Mr. McCLURE) are absent on official business.

The Senator from Ohio (Mr. SAXBE) and the Senator from South Carolina (Mr. THURMOND) are detained on official business.

If present and voting, the Senator from Arizona (Mr. FANNIN) and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 77, nays 11, as follows:

[No. 526 Leg.]  
YEAS—77

Abourezk	Fong	Metcalf
Alken	Fulbright	Mondale
Allen	Goldwater	Muskie
Bayh	Gravel	Nelson
Beall	Griffin	Nunn
Bentsen	Hart	Packwood
Bible	Hartke	Pastore
Biden	Haskell	Pearson
Brock	Hatfield	Pell
Brooke	Hathaway	Percy
Burdick	Hollings	Proxmire
Byrd	Kruska	Randolph
Harry F., Jr.	Huddleston	Ribicoff
Byrd, Robert C.	Hughes	Roth
Cannon	Humphrey	Schweiker
Cass	Inouye	Scott, Hugh
Chiles	Jackson	Sparkman
Church	Javits	Staford
Clark	Johnston	Stennis
Cook	Kennedy	Stevens
Cotton	Long	Taft
Cranston	Magnuson	Talmadge
Dole	Mansfield	Tunney
Dominick	Mathias	Weicker
Eagleton	McClellan	Williams
Eastland	McIntyre	Young

NAYS—11

Bartlett	Curtis	Helms
Bellmon	Domenici	Scott,
Bennett	Ervin	William L.
Buckley	Hansen	Tower

NOT VOTING—12

Baker	McGee	Saxbe
Fannin	McGovern	Stevenson
Gurney	Montoya	Symington
McClure	Moss	Thurmond

So Mr. Ribicoff's amendment was agreed to.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLELLAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND subsequently said: Mr. President, when the rollcall was held on the Ribicoff amendment, I was in the Official Reporters' Office reading the transcript and they failed to notify me in there. If I had been in the Chamber, I would have voted on the matter.

I ask unanimous consent that the clerk be authorized to record my name as having voted in favor of that amendment.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The Chair is informed by the Parliamentarian that the Presiding Officer is not permitted to enter-

tain such a request because it is contrary to the rules of the Senate.

Mr. THURMOND. I thank the Presiding Officer.

(2) by adding at the end of such section the following new subsection:

"(b) (1) From the sums available under paragraph (2), the Secretary is authorized to make grants to public or nonprofit private regional pediatric respiratory centers, which are a part of (or are affiliated with) an institution of higher learning, to assist them in carrying out a program for the training and instruction (through demonstrations and otherwise) of health care personnel in the prevention, diagnosis and treatment of respiratory diseases in children and young adults, and in providing (through such program) needed health care services to children and young adults suffering from such diseases.

"(2) For the purpose of making grants under this subsection, there is authorized to be appropriated, for the fiscal year ending June 30, 1975, and each of the next four succeeding fiscal years, such sums (not in excess of \$5,000,000 for any fiscal year) as may be necessary. Sums authorized to be appropriated for any fiscal year under this subsection for making grants for the purposes referred to in paragraph (1) shall be in addition to any sums authorized to be appropriated for such fiscal year for similar purposes under other provisions of this title."

(b) Section 502(1) of such Act is amended by inserting "(a)" immediately after "511".

Make appropriate conforming changes in the table of contents to the bill.

Mr. TALMADGE. Mr. President, lung-damaging diseases in children affect over 10 million youngsters, of whom 35,000 die every year. These diseases such as cystic fibrosis, asthma, and chronic bronchitis, are responsible for 55 percent of all school days lost.

At present there are 11 pediatric pulmonary centers serving the States of Colorado, Georgia, Pennsylvania, Delaware, New York—city, Washington, Alaska, Louisiana, Hawaii, California, New Mexico, Wyoming, Puerto Rico, and the District of Columbia, at a cost to the taxpayers of only \$2 million a year to directly serve over 5,000 children and their families. Their value has been demonstrated. There is a need for perhaps 10 to 20 more such centers to adequately cover the country on a regional bases, and to ultimately serve as a resource for 15 percent of the total U.S. juvenile population.

These worthy and vital programs will terminate June 30, 1974, unless immediate action is taken. Highly expert teams of skilled professionals will be dispersed and years of valuable training will be lost. However, continuity can be maintained by placing the pediatric pulmonary centers under the permanent administration of the maternal and child health program of the Bureau of Community Health Services in HEW. This Agency has already assumed program responsibility for these centers and is ready and prepared to assume full control.

Current childhood health disorders rapidly become chronic adult problems. Preventive steps now serve to reduce those problems by a considerable amount in years to come.

Mr. President, I ask unanimous consent that pertinent background information on pulmonary disease and care programs be printed in the Record following these remarks.

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

AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. MONDALE obtained the floor.

Mr. TALMADGE. Mr. President, will the Senator yield briefly?

Mr. MONDALE. I yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendments, as follows:

At the end of title I of the bill, insert the following new part:

PART I—AMENDMENTS RELATING TO MATERNAL AND CHILD HEALTH SERVICES

GRANTS TO REGIONAL PEDIATRIC PULMONARY CENTERS

Sec. 196. (a) Section 511 of the Social Security Act is amended—

(1) by inserting "(a)" immediately after "Sec. 511.", and

(See exhibit 1.)

Mr. TALMADGE. Mr. President, the amendment I have offered would assure continued specific authorization of not more than \$5 million annually for continued operation and expansion of pediatric pulmonary programs.

#### EXHIBIT 1

#### PEDIATRIC PULMONARY PROGRAM: FACT SHEET EXISTING CENTERS AND FUNDING (RMP BUDGET)

Orange County Ped. Pulmonary Ctr., University of Calif. at Irvine, \$73,979.

Ped. Chronic Pulmonary Ctr., University of Colorado Med. Ctr., Denver, Colorado, \$125,839.

Pediatric Chronic Pulmonary Ctr.,<sup>o</sup> Medical College of Georgia, Augusta, Georgia, \$49,300.

Phil. Reg. Chronic Ped. Pulm. Disease Ctr., Greater Delaware Valley, Philadelphia, Pennsylvania, \$300,000.

Regional Pediatric Pulmonary Program, Kaulkeolani Children's Hospital, Honolulu, Hawaii, \$121,000.

Georgetown University, Washington, D.C., \$140,651.

University of Nebraska Hospital,<sup>o</sup> Omaha, Nebraska, \$N/A.

Southwestern Regional Ped. Pulmonary Ctr., Lovelace-Bataan Medical Center, Albuquerque, New Mexico, \$65,000.

Tulane University School of Medicine, New Orleans, Louisiana, \$259,873.

Pediatric Pulmonary Center, Babies Hospital, Columbia University, New York, \$255,881.

Center for Management and Treatment of Chronic Pulmonary Diseases in Children University Hospital, Rio Piedras, Puerto Rico, \$35,000.

Children's Orthopedic Hospital and Med. Ctr., Seattle, Washington, \$92,350.

Total: \$2,000,000.

#### A PEDIATRIC RESPIRATORY CENTER

##### A. What it is

A comprehensive and coordinated diagnostic, treatment, training, and clinical and basic research center for children and young adults with Chronic Respiratory Disease (CRD).

##### B. Why

The prevalence, mortality and morbidity statistics emphasize the importance of acute and chronic lung diseases as a health problem in children. The establishment of pediatric respiratory disease centers is the most practical and economical method of increasing the availability of professional personnel and improving the quality of care in this field.

##### C. Objectives

The primary objective of such a Center is to bring together in a teaching center personnel with special skills for a coordinated approach to the diagnosis and comprehensive management of children with acute and chronic respiratory diseases. Such a center will represent an optimal program unit.

#### Prevalence of chronic conditions among children in the United States of America

[15.44% of population]

Total population.....	87,006,000
All chronic listed conditions.....	15,620,000
Hayfever, asthma and other allergies.....	6,618,000
Other respiratory conditions.....	3,727,000
Orthopedic and paralytic.....	1,571,000
Skin diseases.....	1,006,000
Digestive.....	733,000
Speech disorders.....	575,000
Hearing problems.....	537,000

<sup>o</sup> Application withdrawn.

<sup>oo</sup> Approved by Regional Medical Programs, but never funded.

Visual disorders.....	406,000
Mental and nervous conditions.....	447,000
All chronic respiratory.....	10,345,000

(Data from National Health Survey, 1968.)

#### FUTURE PROPOSED REGIONAL PEDIATRIC RESPIRATORY CENTERS

In FY 74, it is imperative that the presently existing 11 Centers now in operation throughout the Country (including Centers in Hawaii & Puerto Rico) be funded. These highly specialized centers have effectively proven themselves.

Budgeting beyond FY 74 is difficult to consider at this time. However, to adequately cover the geographic United States, it is suggested that ultimately at least an additional ten centers should be planned for. This would mean doubling the current funding figures in the future.

Mr. TALMADGE. Mr. President, I have discussed this amendment with the distinguished floor manager of the bill. I believe that he is prepared to accept the amendment. And I urge the Senate to do so.

Mr. LONG. Mr. President, I have not had an opportunity to discuss this matter with the minority members of the Finance Committee. An effort is being made at this moment to see if they agree with our judgment on this matter.

I personally believe the amendment is meritorious. The costs of this measure would not exceed \$5 million a year. In my judgment that would be a very worthwhile and useful expenditure.

Mr. President, I have now been advised that the ranking minority member of the committee, the Senator from Utah (Mr. BENNETT) agrees with our judgment on this matter that the amendment should be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia. (Putting the question).

The amendment was agreed to.

#### AMENDMENT NO. 724

Mr. MONDALE. Mr. President, I call up an amendment at the desk and ask unanimous consent that its reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

Sec. . Title IV-A of the Social Security Act is amended by adding at the end thereof the following new section:

#### "CHILD CARE STUDIES

"Sec. . Child day care services provided under the Social Security Act shall meet the following standards: (I) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations (such as the Child Welfare League of America and the National Council of Homemakers-Home Health Aid Services), and (II) out-of-home day care facilities shall be licensed by the State or approved as meeting the standards for such licensing, and shall comply with the provisions of the Federal Interagency Day Care Requirements of 1968, and the requirements of section 422(a) (1) of the Social Security Act."

Mr. MONDALE. Mr. President, I yield to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOK. Mr. President, I ask unanimous consent that Kathryn McElroy of my staff be granted the privilege of the floor during the debate and votes on the pending bill.

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

Mr. MONDALE. Mr. President, I offer this amendment on behalf of myself and Senators BUCKLEY, JAVITS, HOLLINGS, RIBICOFF, CRANSTON, STAFFORD, COOK, and PACKWOOD.

All the amendment seeks to do is to restore the present standards for federally assisted day care.

In my opinion, this amendment is very important for the protection of our children. It is designed to assure that children receiving federally assisted day care service will continue to be protected against dangerous, unsanitary, insensitive, and unhealthy programs.

Specifically, it would clarify and assure that day care services provided under the Social Security Act must continue to comply with the Federal Interagency Day Care Requirements of 1969 and in-home standards reasonably in accord with recommended standards of national standards-setting organizations. These are the exact same standards which have been in effect with respect to these programs in the past.

In other words, my amendment, if it is agreed to and becomes law, would make the law remain as it is today. If the committee bill is adopted without this amendment, it will be possible to commit Federal money for day care services which are unsanitary and dangerous as to adversely affect the physical and mental health of the infants and children who are in those day care centers.

Mr. President, I regard this is as an essential, indispensable measure to assure justice for all children of our country.

I have spent a tremendous amount of time in the last several years working in the area of day care and child development, as chairman of the Subcommittee on Children and Youth and as chief sponsor of the comprehensive child development and family services legislation which has passed the Senate in each of the last 2 years.

During this time I have had a chance to talk with experts, with parents, day care administrators, and a wide variety of people interested in and involved in this field. I have visited a wide variety of preschool programs including part day Head Start programs and full day day care programs. This work has convinced me of the positive contribution that quality day care—with parental participation, adequate staffing and a concern for the health and education of the children involved—can make to children and their families. It has also convinced me that the children can suffer severe and sometimes permanent damage if the day care they participate in is understaffed or otherwise inadequate.

Day care, in short, can be either beneficial or destructive. Some care is not always better than no care at all. Indeed,

some low quality day care is downright harmful.

Mr. President, there have been a great number of studies of the conditions and standards in day care centers in this country. Some are excellent. Some are nothing short of tragedy.

Recently there was a study based on the finding of the National Council of Jewish Women, under the leadership of a remarkable American, Mary Keyserling, entitled "Windows in Day Care." I wish that all of my colleagues had the time to read the report. It details example after example in which children are placed in homes that are unsanitary or in unsafe day care centers with unskilled staffs, overcrowded conditions, and all the rest so as to damage physically and mentally the children who stay there.

A typical first-hand observation goes as follows:

This center is housed in a shack of poor repair. It was over-crowded, filthy and depressing. It was very small for the number of children. Two of us arrived at nap time and one tiny room was completely filled with cots which were right up against one another. There were 22 children in attendance that day. I have no idea where they would find a place to nap the extra eight children enrolled but not present. The odor was noxious and one child had gone to the bathroom in her sleep and it has not been cleaned up.

The kitchen was tiny with dishes stacked up on top of one another. The bathroom had the tile off the wall and the black tar was exposed. It has only one sink, one toilet, and an old bathtub.

Mr. President, I ask unanimous consent that the distinguished Senator from Kentucky (Mr. Cook) be added as a cosponsor of the pending amendment.

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

Mr. MONDALE. Mr. President, a survey about a year ago by a reporter from the Washington Post revealed at that time many examples of day care centers in the Nation's Capital which were overcrowded, unsanitary, and had no facilities to stimulate or support the children during the day. There were boring and listless programs. There were surroundings in which no American would want his children to be found.

The single best protection we have against substandard day care is the existence and enforcement of decent standards. It is absolutely essential that we assure that Federal funds are not used to encourage or support programs that harm children.

Mr. President, it is the purpose of our amendment to provide that kind of protection and to provide it in a way that is consistent with the practices of the past. The standards contained in our amendment have been in existence since 1968. They have applied on all federally assisted day care programs for the last 5 years. And they were contained in the regulations covering day care under the social services program until HEW began issuing revised regulations this past spring.

These standards provide a minimal level of protection by requiring parental involvement, setting health and sanita-

tion standards and defining minimum levels for adult-child ratios in day care centers or family day care homes.

Mr. President unless we adopt this amendment I fear we will be inviting or endorsing the watering down of the reasonable standards with which we are all familiar. Without this amendment the bill is silent on the question of whether Federal interagency day care requirements would still apply to day care programs existing under this measure. And without that clarification it is clear from HEW's most recent regulations that the existing standards will not be retained. Indeed, HEW's November 1 regulations drop all reference to the interagency day care standards and state simply that services "must comply with such standards as may be prescribed by the Secretary."

That kind of regulation is utterly meaningless. It provides no guarantee that standards ever will be prescribed. And in the event that standards are prescribed this regulation provides no assurance that they will include the minimal protections that now exist.

Mr. President, the Senate is familiar with this issue. These standards were part of S. 2528, the social services amendments I introduced in October with 35 cosponsors and with the support of the National Governor's Conference. They have been included in the child development and family service legislation adopted overwhelmingly by the Senate in each of the past 2 years. They were added as an amendment to the so-called welfare reform bill, when that was considered in the Senate last fall.

I urge my colleagues to continue as they have in the past insisting that federally supported day care programs provide adequate protections for the children and families involved. I urge them to join as cosponsors in this amendment and support it when it comes to a vote. A wide variety of organizations concerned about children and families—including the American Academy of Pediatrics, the Child Welfare League of America, the National PTA, the UAW, the AFL-CIO, the American Association of University Women, the National Council of Jewish Women, the National Association for the Education of Young Children, the Black Child Development Institute, the National Child Day Care Association, the Citizens Committee for Children of New York, the National Council of Churches, the National Association of Social Workers, and the Washington Research Project Action Council are supporting this amendment.

For the benefit of my colleagues and the public, I ask unanimous consent that their letters and telegrams be printed at this point in my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

CHILD WELFARE LEAGUE  
OF AMERICA, INC.,

New York, N.Y., November 21, 1973.

HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR: We understand that the Senate Finance Committee has completed its work on the so-called Social Services Bill.

According to our information, the language omits references to specific standards for in-home care and the 1968 Federal Interagency Day Care Requirements for out-of-home care.

We believe that this language should be restored and we support those who wish to do this when the bill comes to the Senate floor. We commend your leadership in the past on this issue and hope that we can count on your playing a similar role again.

For the League, specific standards language is absolutely essential. "Some care," that is any care which is not protective of children, is not better than "no care." If we cannot provide care for children which safeguards them and allows them to grow and develop soundly, then those children should not be in day care but be with their own parents and under their full-time supervision in the home.

Cordially,

JOSEPH H. REID.

[Telegram]

Senator WALTER F. MONDALE,  
Washington, D.C.:

National PTA strongly urges Senate to reconsider inclusion of standards and guidelines for programs for children in social security amendments. Social Security regulations that went into effect on November 1 should at a minimum be made operative in accordance with the 1968 Federal interagency standards that covered many of the programs for young children.

GRACE BAISINGER,  
Coordinator of Legislative Activity.

NATIONAL COUNCIL OF THE  
CHURCHES OF CHRIST,

Washington, D.C., November 27, 1973.

HON. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: On behalf of the National Council of Churches, I want to express support for your proposed amendment to H.R. 3153 requiring that any day care services provided through the social services program conform with the requirements of the Federal Interagency Day Care Standards of 1968. Those standards are designed to assure that Federally funded day care centers have the resources necessary to serve a child's emotional, cognitive, and physical development. Surely if we love our children, we ought to do no less.

Sincerely,

R. H. EDWIN ESPY,  
General Secretary.

UAW,

Washington, D.C., November 20, 1973.

HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: The UAW strongly supports your amendment to assure that day care activities under the social services program continue to comply with the Federal Interagency Requirements. We believe the adoption of your amendment is absolutely essential to the protection of children enrolled in day care programs.

On behalf of the UAW, I wish to commend you for your continuing leadership in the effort to assure that day care standards are not relaxed to the detriment of the children involved.

Sincerely,

JACK BEIDLER,  
Legislative Director.

NAEYC,

Washington, D.C., November 21, 1973.

HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: The National Association for the Education of Young Children

recognizes that within programs for young children it is necessary to provide an environment which permits maximum development and growth of children:

We, therefore, urge that provisions for child care services under the Social Security Act be accompanied by minimum requirements that are at least equal to the 1968 Federal Interagency Day Care Standards, including those concerning child-teacher ratios, staffing patterns, and parent involvement.

Sincerely,

MARILYN M. SMITH,  
Executive Director.

WASHINGTON RESEARCH PROJECT,  
ACTION COUNCIL,  
Washington, D.C., November 19, 1973.

HON. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: We commend you for your continued vigorous efforts to expand developmental child care programs and to assure that any such programs receiving federal funds meet high standards for quality. We understand that you will be offering an amendment to the social services provisions of H.R. 3153, when that measure comes to the floor of the Senate, to make clear that child care programs funded under Title IV-A of the Social Security Act must meet the Federal Interagency Day Care Requirements of 1968.

At a time when the pressure for publicly supported child care programs is increasing, it is critical that Congress insist on program quality to protect the children and families in need of such services. The answer to the growing demands for child care is not to lower quality so as to make limited funds go further, but rather to increase the availability of funds so that more children and families have access to developmental programs.

The 1968 Requirements are by no means extravagant. They were designed to assure minimum standards of care while providing maximum flexibility within programs. While changing circumstances may require some adjustment in those Requirements to assure program quality, Congress cannot allow the pressures for cheaper custodial care to result in changes which reduce standards. This is particularly true with regard to child-staff ratios and parent participation—the two factors which provide the best guarantee of program quality.

Again, we commend your leadership in this area and fully support your efforts on the floor of the Senate.

Sincerely,

MARIAN WRIGHT EDELMAN,  
JUDITH A. ASSMUS.

[Telegram]

Washington, D.C., November 20, 1973.

Senator WALTER F. MONDALE,  
Capitol Hill, D.C.:

The American Association of University Women, representing more than 175,000 members, urges your support for day care programs and new social service legislation, which comply with the 1968 Federal Interagency day care standards.

Dr. DEBORAH P. WOLFE,  
National Legislative Program Chairwoman.

NOVEMBER 19, 1973.

Senator WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: We are distressed to learn that the proposed compromise bill relating to social service regulations contains no reference to the essentiality of Federal Day Care standards. We urge that the

bill be amended to call for the retention of standards comparable to the 1968 Federal Interagency Day Care Requirements.

Sincerely,

MARY DUBLIN KEYSERLING,  
President, National Child Day Care  
Association.

[Telegram]

Senator WALTER F. MONDALE,  
Capitol Hill, D.C.:

The Early Childhood Education Council of Nassau County with a membership of 600 support the reinstatement of the 1968 Federal day care standards. We urge the inclusion of the standards in the compromise social service bill. Thank you for your support of the young child.

MARGARET O'CONNOR,  
Legislative Chairman.

BLACK CHILD DEVELOPMENT  
INSTITUTE, INC.,  
November 19, 1973.

Senator WALTER MONDALE,  
Old Senate Office Building,  
Washington, D.C.

DEAR SENATOR MONDALE: It is a pleasure to respond to your request for us to examine and analyze, the provisions in H.R. 3153, "The Social Security Act", from a Black perspective.

We have found that the social service amendments attached to H.R. 8153, would assist the Black communities we serve in providing quality child development services.

We feel that the most important provisions of S-2528, "The Social Service Amendments of 1973", are the Federal Standards for Day Care, the appreciable changes in the eligibility of past and potential recipients, the increased freedom and latitude given to states to determine eligibility and the manner in which those services are to be rendered, and the general increase in services rendered to non-welfare recipients from 10% of the state AFDC monies to 25%.

S-2528 is more desirable than the general revenue sharing formula which has proven its ineffectiveness in the local communities BCDI serves. Therefore, we feel that the most appropriate and beneficial method for distributing funds and services to our constituents within the 50 states can be found in S-2528, not a revenue sharing approach. Moreover, we are emphatically opposed to any effort to omit Federal Standards for Day Care Services as currently being debated in the Senate Finance Committee.

We support the efforts of Senator Mondale and his colleagues to prevent the exemption of Day Care Standards from the provisions of H.R. 3153.

Sincerely,

EVELYN K. MOORE,  
Executive Director.

AMERICAN FEDERATION OF LABOR  
AND CONGRESS OF INDUSTRIAL  
ORGANIZATIONS,

November 28, 1973.

HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: The AFL-CIO strongly supports the Mondale-Buckley Amendment to H.R. 3153 providing adequate federal day care standards necessary to assure the safety and proper development of the children of working parents. Unfortunately, HEW has given no indication that it will establish adequate standards. Passage of the Mondale-Buckley Amendment is essential.

Sincerely,

ANDREW J. BIEMILLER,  
Director, Department of Legislation.

AMERICAN ACADEMY OF PEDIATRICS,  
Evanston, Ill., November 28, 1973.

HON. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: The American Academy of Pediatrics, the professional organization which represents 14,000 physicians providing health care to infants, children and adolescents, has been involved for over 40 years in efforts to improve the general health and welfare of children. Specifically in regard to day care, the Academy has appeared on numerous occasions before various committees of both the House and Senate. The Academy has filed statements with DHEW in response to proposed regulations. It is also labored as a standards setting organization and has recently published *Standards for Day Care for Infants and Children Under Three Years of Age and Recommendations for Day Care Centers for Infants and Children*.

One of the basic principles upon which Academy work has proceeded, which is presented in the Recommendations, is that "services offered should first be based on the health and developmental needs of the child to be served, then on the needs of his family. . . . The provision of 'parking lots' for children or of programs which do not meet the child's needs but force him into routinized group programs with little variation cannot be sanctioned."

The quality of child care programs is threatened. Recent federal regulations have omitted reference to standards. Until research further evaluates present standards and programs, the use of the 1968 Federal Interagency Day Care Standards as minimal and their modification in the direction suggested by research is the preferred approach. Consequently, the Academy would urge that action be initiated to assure that day care service supported by the Social Security Act be governed by standards no less than the 1968 Federal Interagency Day Care Standards.

Your efforts to establish a base line for quality day care services are commended.

Sincerely yours,

ROBERT G. FRAZIER, M.D.,  
Executive Director.

[Telegram]

Senator WALTER F. MONDALE,  
Capitol Hill, D.C.

Attention Sid Johnson, room 433, we are distressed to learn that the social service legislation under consideration in the Senate omits Federal standards for child care services. Congress has the obligation to guarantee high standards of care for children in federally supported programs urge you to continue your pressure for responsible Congressional actions.

BERTRAM BECK,  
Chairman Citizens Committee for  
Children of New York.

NATIONAL COUNCIL OF JEWISH WOMEN,  
New York, N.Y., November 20, 1973.

HON. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: We wish to commend you for all your efforts to modify and improve the Social Welfare regulations promulgated by the Department of Health, Education and Welfare this year, which were so detrimental to an effective administration of social service programs.

We regret that the Senate Finance Committee did not accept for inclusion among the provisions of H.R. 3153, your recommendation for federal standards for child development programs.

As you know, the National Council of Jewish Women conducted a national survey of day care and found that many of the programs in operation did not adhere to acceptable standards, or even minimum standards. In testifying before the Senate Finance Committee in 1972, we stated:

The data produced by one survey indicates that quality day care, which can help children to develop to their full potential, is not too frequently encountered, and vigorous action at the national, state and local levels on behalf of children must be undertaken . . . Legislation to provide care for children must include: Well defined standards not lower than those of the Inter-Agency requirements of 1968.

We are greatly pleased that you plan to offer a standards amendment when H.R. 3153 reaches the Senate floor and we pledge our support for your effort.

Sincerely yours,

Mrs. ELEANOR MARVIN,  
National President.

NOVEMBER 19, 1973.

SENATOR MONDALE: Our organization believes that it is imperative that child day care provided under the social service titles of the Social Security Act must meet the Inter-Agency standards of 1968 and therefore we strongly support your effort to introduce a floor amendment to H.R. 3153 to make such services a mandatory provision.

LORENZO TRAYLOR,  
President, NASW.

Mr. MONDALE. Mr. President, it is the policy in this country to encourage welfare mothers to take training and to find work.

It seems to me that one of the elements in that bargain ought to be that when the children are required to stay in family day care homes or day care centers while the mother is working, at the very minimum they ought to be certain that the children are kept safely from harm.

That is not only the humane thing to do. In addition to that, in the long run it will cost more if we have generations of youngsters who have been pushed aside and ignored or shoved into cold warehouses of this kind.

The day care standards that we are talking about are not radical. They are the very minimum one needs for decent day care. They provide a staff ratio that has been found by expensive experience to be the minimum necessary.

They recognize the special problems and the vulnerability of the very young. There have been many, many studies that have shown that when children are infants or ages 1, 2, and 3, the failure to assure adequate staff ratios and properly skilled assistants can damage those children physically and damage them mentally in ways that later are difficult to repair.

I ask unanimous consent that a summary of the minimum day care standards that we wish to continue be printed in the Record at this point.

There being no objection, the summary was ordered to be printed in the Record, as follows:

SUMMARY OF 1968 REQUIREMENTS

1. Staff Ratios (including volunteers)

a. Family Day Care Home (no more than 6 children total) 1 to 5 ratio for children under age 6; 1 to 6 ratio for children aged 3-14.

b. Group Day Care Home—1 to 5 ratio where preschooler involved; 1 to 6 ratio otherwise.

c. Day Care Center—1 to 5 for 3 to 4 year olds; 1 to 7 for 4 to 6 year olds; and 1 to 10 for 6 to 14 year olds.

2. Safety and Sanitation—"must meet requirements of appropriate safety and sanitation authority."

3. Education—"Educational opportunities" must be provided, with supervision of staff members trained or experienced in child growth and development.

4. Social Services must be provided including guidance and counseling to families about appropriateness of day care.

5. Health & Nutrition. Requires supervision by qualified physician; dental and medical evaluation of children; dental and medical treatment for children "using existing community resources" if available; and "nutrition needs."

6. Staff Training. In service training required.

7. Parent Involvement requires opportunities for parents to "work with" and "observe" day care programs; and whenever agency provides care for 40 children or more it must have Policy Advisory Committee composed of at least 50% parents to assist in development of programs and approval of applications, and participate in selection of program directors.

8. Waiver. "Requirements can be waived when administering agency can show that requested waiver may advance innovation and experimentation and extend services without loss of quality in the Facility."

Four states now have waiver (Michigan, Missouri, Oregon and Colorado.)

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

Mr. MONDALE. I am glad to yield.

Mr. LONG. Can the Senator tell me how many States are complying with those standards?

Mr. MONDALE. There are waivers in only four States. I concede to the distinguished floor manager—we have discussed this before—that there are States which have not complied with it, and there are day care centers which fall beneath these standards. But I think that is another reason why we should continue them as they are, and try to insist that the centers be brought up to standard.

Mr. LONG. The reason I asked the question is that I have in my hand a pamphlet containing data on child care prepared for the committee as of June 16, 1971, and I do not think that the situation has changed drastically in that respect. These are the minimum staffing requirements of the States.

Take, for example, ages 3 to 4; the Federal standards would require that there be one adult for every five children between the ages of 3 and 4.

The great majority of the States in their licensing laws would require a minimum of 1 woman for every 10 children. So, assuming that the States are following their own laws, the proposed standards would mean a doubling of the staffing.

We have only \$2.5 billion for social services; so if we have to double the cost in most States, that means we can pay for day care for only half the number of children we now can take care of.

Mr. MONDALE. It is my feeling that if the day care standards in a particular setting are so damaging to children that they affect their physical and mental health, it is better not to have day care; it is better to have the children with their mothers.

But if the welfare strategy is to en-

courage and sometimes force mothers to work, then at a minimum we ought to make certain that the children do not have to suffer in the meantime.

When I grew up, the standards for me when I was 1 year old was two adults to one child. My mother and dad were with me all the time, and I was grateful for it. But if my mother had had to work, I would have been grateful if there had been enough people around to take care of me.

We have situations in this country where there are infants 1 and 2 years old, sometimes 14 or 15 of them with only one adult. Everything we have heard indicates that that is very damaging.

Mr. LONG. How many States can meet this requirement the amendment would make with regard to education? I quote:

Educational opportunities must be provided for every child under the supervision and direction of a staff member trained or experienced in child growth and development.

How many mothers can meet that standard?

Mr. MONDALE. It says "trained or experienced." The requirements do not require graduate teachers, but what they do say is that it is not right to take a child and put it in boring environments for 8 hours a day, and do absolutely nothing to stimulate the child; the requirements indicate that there should be, in addition to decent food and decent cleanliness and health standards, some education along with it.

It is a modest, requirement which is not difficult to comply with, but something we think, should be required.

These standards were developed by the Executive. They were developed as minimum standards by the Department of Health, Education, and Welfare, and have been in the regulations since 1968.

Mr. LONG. Mr. President, the States cannot comply with the standards the way it is now. There are only two States in the Union who meet the staffing requirements for children age 3 to 4; not even the Senator's own State is complying with this requirement. The only States that require by their laws one adult person to every five children age 3 to 4 are the States of Rhode Island and New York. We have 48 States of the Union that do not comply with that requirement, and if they tried to comply with it it would mean that they would have to reduce by half the amount of day care they would have available for children of working mothers.

It would seem to me that it is rather difficult to think that the Senator's judgment or my judgment is all that much better than the judgment of the legislators of 48 out of the 50 States in the Union. Certainly those legislators who are from the grassroots of democracy, are concerned about children.

As a matter of fact, if we look at all the States of the Union, the overwhelming view seems to be that for children from ages of 3 to 4, 10 would be about the proper maximum number of children 1 staff member could keep an eye on. And when the children get to be 6 through 14, by this law that the Senator wants to impose upon the States, they could not

have more than 10 children per staff attendant.

Mr. President, I was brought up in a classroom with 30 children.

Mr. MONDALE. How old was the Senator?

Mr. LONG. And I thought that was a good school.

Mr. MONDALE. How old?

Mr. LONG. I was between 6 and 14.

Mr. MONDALE. We are talking about 1- to 3-year-olds. I hope the Senator was not brought up in a classroom with 30 children when he was 2 years old.

Mr. LONG. No, I am talking about the requirement that there be not more than 10 children age 6 through 14 per staff member. A lot of people use 14-year-old children for babysitters. But if you look at the amendment as it concerns 14-year-old children, the States would have to have 1 staff member for each 10 children. One would think they could look after themselves, but, no, they have to have 1 staff member for each 10 children.

If they go to school, they usually have 1 teacher for every 25 or 30 children.

Let us see why the States do that. For those ages, most States seem to think 25 to 30 children per adult is all right.

I was not abused by the schoolteachers or the kindergarten attendants where I happened to go as a child. By requiring standards that are far beyond the capacity of anyone to pay for, including the Federal Government, the Senator would make it impossible for people to provide the opportunity for mothers to improve the situations of their families by working.

In my own office, we have a mother, one of the most competent women I have ever had the opportunity to work with in my life. She is one of the most efficient secretaries on Capitol Hill, a fine woman who knows what it is to be a mother and a widow, and to bring up children to make fine young citizens of themselves.

She was shocked to hear that the Federal standards would mean you might have to pay as much as \$2,400 per child for day care. The family assistance plan proposed to pay that much for a family of four. So it would cost as much to put one child in day care as to take care of three children and the mother under the whole family assistance program.

She was shocked to hear about that. She said, "How can they possibly justify that? They propose that it would cost \$2,400 a year per child. That means \$200 a month." She said, "When I brought my children up, I was a widow and a working mother, and I put them in a good day care center where it did not cost but about half that much money. They provided the child with meals and everything else, and a mother has a right to expect that of them."

When good and competent working mothers find out that it will cost \$100 a month for adequate and satisfactory care for their own children, why will they want to pay for something that would cost \$2,400 a year a child to have 1 person for every 10 14-year-old children, or to have 1 person for every 5 small children? If we require someone who can qualify as a child care development spe-

cialist, than we have to pay her a minimum salary for a schoolteacher, and we run the cost up to \$200 a month and make it look as though the cost of looking after one little child in a day care center will exceed what it would cost on the average welfare roll of this Nation to take care of a family of four.

I thought the way to help people better their condition was to provide day care operations for families to encourage mothers to take jobs, but at this rate we will not be able to afford for anyone to take a job because it would take 4 times as much money to look after one child as it would if the person did not take the job. That is why I have been dismayed when we are confronted with these standards, where now only two States can comply with them, and impose that on the other 48 States. If the States could comply—all right. If we had \$10 billion to spend, we could do it, but we have only \$2.5 billion for all the social services. So it means that we either have to be hypocrites, to approve these standards and then look the other way, or we will have to reduce by 50 percent the day care available for the children of mothers who would like to go to work to improve their family condition.

So while I would like to be able to support the Senator's amendment, Mr. President, if we cannot afford more than \$2.5 billion for this program, the simple fact is that to insist on these standards would mean that we would drastically reduce day care available for mothers of small children who would like to go to work and improve the conditions of their families by earning money and to increase their standard of living.

I regret, Mr. President, that we do not have the money it takes to afford all this. But the fact is that we do not. So if we do not have the money, the best we can do is to provide as much as we can to the States and expect them to do what they are doing now; namely, the best they can with the money they have available to them. We cannot afford everything we would like to do.

Mr. CURTIS. Mr. President, will the Senator from Minnesota yield?

Mr. MONDALE. I had promised to yield to the Senator from South Carolina but I will yield to the Senator from Nebraska in a minute.

Mr. President, this is the same debate we had last year when the distinguished Senator from New York (Mr. BUCKLEY) and I insisted on day care standards and when the Senate by an almost 2-to-1 vote agreed that, as a condition of Federal aid to day care centers, we must insist that those day care centers have sufficient minimum standards to assure that the children will not be damaged while in day care. The Senator from Louisiana (Mr. LONG) says we cannot afford to do that. I say we cannot afford not to do that. I say that we can afford any program which will prevent damage to our children.

Mr. President, in the debate a year ago, the distinguished Senator from Louisiana (Mr. LOWE) used the same exaggerated figures he used a moment ago, suggesting that the standards would cost \$2,400 a year or \$3,000 a year, when the

figures show that it would cost \$1,600 on the average for full-time day care, the full year around, and only \$400 for part-time, after school services.

These standards are not extravagant. They are not unrealistic. They were established by the Department of Health, Education, and Welfare in consultation with the best people in this country. I think that we should ask ourselves, what do those who have concerned themselves with children in day care think about removing the day care standards? I state as a fact that almost everyone in this field, almost everyone who has learned and knows what happens in day care, are in favor of this amendment. We insist on minimum care standards so that our children will not be damaged.

Mr. CURTIS. Mr. President, will the Senator from Minnesota yield?

Mr. MONDALE. I yield.

Mr. CURTIS. I thank my distinguished friend from Minnesota for yielding to me.

If this amendment is not adopted, then we have a situation where the day care centers must be licensed by the States; is that not correct?

Mr. MONDALE. That is correct.

Mr. CURTIS. Is it not also true that day care centers are a part of the social services portion of the social security laws?

Mr. MONDALE. Yes, but if I may—I will get back to that question. It is true that in the absence of my amendment, it would be the first time in over 5 years that there are no such standards. If there were new standards, it would be the States that would impose them, if they wanted to. That is the catch.

According to our information, there are two States that have no standards whatsoever with respect to adult-child ratios whatsoever. There are 11 States that have no standards whatsoever for family day care. There are 9 States that have standards which would permit 10 children per single staff member for children under 2 years of age, which everyone I know of who has studied this problem says is disastrous.

So while it is true that States still can impose standards, the studies we have seen, plus these records, show at this point that without Federal standards, there will be thousands and thousands of children placed on day care standards where no child should ever be found.

Mr. CURTIS. Is it not true that the provisions for social services adopted by the committee are entirely controlled by the States under a revenue-sharing program?

Mr. MONDALE. In some respects, that is correct, except, for example, we have regulations in our bill here that prohibits supplanting of State funds for social services with Federal funds. There are some restrictions in the committee bill and this one concerning the health and well-being of children, in my opinion, is just as important as that one concerning supplanting.

Mr. CURTIS. Well, I believe the entire thrust of what the committee has done with reference to social services is that the States shall decide who shall be

eligible for social services, what programs shall be included in social services, and the type and extent of program standards.

Mr. MONDALE. The Senator is basically correct. The Senator from Nebraska and I stood together in the achievement of that objective. In other words, we wanted the States to have a wide range of discretion both in determining eligibility for social services and for determining what social services the States wanted.

We did, however, impose certain restrictions and these restrictions, I might add, were imposed on the States with the unanimous support of all the Governors. One was to prohibit the supplanting, by which Federal funds would aid—simply pick up existing State expenses and, in effect, through indirection, permit the State to divert the money to other purposes, to roads or whatever they wanted. That we prohibited.

Second, we require mandatory services in three areas: foster care, child protective services, and family planning. So there are other restrictions.

Traditionally, if I may say, our social services money has carried with it the interagency day care standard since 1968, which I wish to retain at this point. So this is nothing new, but merely attempts to continue existing standards in day care.

Mr. CURTIS. If the bill remains as reported by the committee, a State does not have to have any day care centers at all; does it?

Mr. MONDALE. The Senator is correct.

Mr. CURTIS. So if we impose Federal restrictions on them, they can spend that money on protective services for children, family planning services, protective services for adults, services for adults and foster care, homemaker services, chore services, home delivery of meals, day care services for adults, health related services, home management, other functional educational services, housing improvement services, a full range of legal services, transportation services, educational and training services, employment services, information referral and follow-up services, special services for the mentally retarded, special services for the blind, services for alcoholism and drug addiction, special services for the emotionally disturbed, and special services for the physically handicapped.

Mr. MONDALE. That is correct.

Mr. CURTIS. So long as they did not use the money for some program they would carry on, anyway.

Mr. MONDALE. The Senator is correct.

The point I should like to make to the Senator from Nebraska is this: Thousands of children have been served in day care centers since the social services program began some years ago. During all this time—since 1968, at least—we have had the same day care minimum national standards that I am proposing we continue. In other words, what I am proposing to do is not to change the law but to keep the standards the way they have been for the last 5 years, almost 6 years.

Mr. CURTIS. Until when?

Mr. MONDALE. Until November 1, when as the Senator knows, the Secretary of HEW, through new regulations in effect, eliminated everything, including most of the social services.

Mr. CURTIS. Then, is it true that the standards which the Senator seeks to impose have been imposed until a few weeks ago?

Mr. MONDALE. The interagency day care requirements I want maintained have been in being since 1968, except, if the Secretary can get away with it, since November 1, when he tried to change it through regulations.

Mr. CURTIS. If they already have had what the Senator proposes now and the Senator in his opening statement decided that many day care centers were deficient, dangerous for the children, and injurious to their health and welfare, what does the Senator gain by continuing the provision of law that was in effect and resulted in all those undesirable conditions that he enumerates?

Mr. MONDALE. If we remove the standards that we have, I think it is an invitation to a wholesale disregard of the minimum standards needed for the care of children. It is true that even under the present day care standards, there have been far too many examples of day care centers that have fallen clearly beneath the minimum standards which everyone in this field considers to be minimally necessary for the physical and mental health of children. But the answer to that problem is not to delete the standards. The answer is to retain them, and enforce them so that day care programs can be brought up to a level that assures minimal protection for the children involved.

I want to say one other thing, because I think it bears on the question of the Senator from Nebraska and the statements made by the Senator from Louisiana.

The standards we are talking about have been arrived at on the basis of consultations with practically every responsible person in this field. I do not know of anyone who has studied day care seriously who does not believe that we need some kind of minimum standards.

The day care standards we are talking about were in the original amendment which was unanimously supported by the Governors of our country. These day care standards are supported by the American Academy of Pediatrics; by the National PTA; by the American Association of University Women; by the National Council of Jewish Women, which has done as much as any other organization to try to study what is really going on; by the National Association for the Education of Young Children; by the Black Child Development Institute; by the National Child Day Care Association; by the National Council of Churches; by the AFL-CIO; by the UAW; by the Washington Research Project Action Council; and by the National Association of Social Workers.

Part of the problem here is not just what happens to welfare mothers. There are thousands and thousands—indeed, millions—of mothers who are now work-

ing and need to work in order to provide, along with their husbands, decent minimum income to live in these difficult, inflationary times. They, too, need available to them day care, which is not only needed for their employment but also which is good enough and sound enough in terms of minimum standards to assure that their children are not damaged during the hours they are working.

That is all these standards involve. They are not new; they are not imposing anything new. They are standards that have been in being since 1968. It is true that they have not been fully enforced in some areas. But to remove them now, in my opinion, would be to say that the Federal Government has abandoned its interest in minimum standards. To remove them would be to encourage a wholesale disregard and deterioration of day care standards in this country.

I give the Senator from New York (Mr. BUCKLEY) a good deal of credit, because he studied this problem extensively, and I think it is his opinion that all day care is damaging. But Senator BUCKLEY, who will be here shortly and who is supporting us fully in this amendment, is convinced that if you are going to have day care, it had better be day care that is good, of high quality, where children get safe surroundings, where they get decent nutrition, where they get stimulation, where they are supported emotionally as fully as possible.

I yield to the Senator from Massachusetts.

Mr. BROOKE. I thank the Senator for yielding.

Mr. President, it seems to me that in the debate we had on the floor of the Senate in the waning hours of the last session of Congress, the distinguished Senator from New York (Mr. BUCKLEY) intimated that he had opposed these day care standards but that, after doing some research, he had found for himself that there was a great necessity in the country to establish national standards.

The Senator from Minnesota has pointed out that what we have at the present time, unfortunately, in too many instances is merely custodial care. Custodial care, I think it has been very clearly proved, is not sufficient to take care of the thousands of young children who are in day care centers. Many of them are in need of psychiatric and psychological care and treatment.

We are talking here more about money than anything else. We are not talking about the real issue, as the Senator from Minnesota has tried very valiantly to point out. We are talking about children and we are talking about people, and what we can do to salvage the lives of these young people, many of whom are let loose to run in the streets without any care at all. We call it supervisory care but there is no educational component, there is no development component, and there is very little, if anything, that they really get out of it at all. In many instances—and I have seen this as a result of my own personal research—these children are far worse off in some of these day care centers than they would be if they were not there in the first instance.

The Senator has pointed out that great research has been done, and he has given credit to the National Council of Jewish Women who did quite an exhaustive study and rendered a report. I shall not read the entire report, but I do think that parts of the report are very pertinent.

Although all states, with the exception of two (Idaho and Mississippi) require that day care centers be licensed a number of exclusions and exemptions provide little protection for the children receiving care. Some states exclude from regulation centers operated or regulated by another state or local Governmental agency. About half the states exclude centers operated by the public school system; such centers usually come under regulations of the State's Department of Education. Centers operated by private or parochial schools are exempted from licensing requirements in fifteen states. Nine states exempt centers operated by religious organizations. Facilities operating primarily as an educational program, as a kindergarten or nursery school are excluded from licensing regulation in sixteen states.

The foregoing provides the most forceful argument for Federal standards if the children of this nation will receive the kind of care necessary for beneficial child development.

We all have sympathy with the chairman and the ranking minority member of the Committee on Finance. They have a serious money problem and we recognize they have a serious money problem. But it always seems that we are looking to cut back on programs that are so vitally needed as this program and contend they cost too much money. Does the Senator from Minnesota have any idea as to what kind of money we are talking about, because that seems to be the main objection that has been raised by the opposition to the Senator's amendment. I do not think anyone denies it would be good to have national standards for day care centers.

Mr. MONDALE. This is a report prepared by the Library of Congress which states:

According to the Office of Child Development, Department of Health, Education and Welfare, the national average cost for providing day care under the existing standards—

Those are the ones we seek to maintain; we are not opposing anything new. It is approximately \$1,600 a year for pre-school children and \$400 a year for children of school age.

My friend from Louisiana keeps saying \$2,400, \$3,000. It is not true. These are maximum expenditures and many times the volunteers are able to reduce the cost. Those involved in this field the longest are unanimous in favor of the minimum standards. The committee decided to eliminate all standards and let any community do as it chooses, no matter how much it damaged the children.

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

Mr. MONDALE. I shall yield in just a moment.

The Senator from New York (Mr. BUCKLEY) said in the last debate, and I agree:

I believe and agree as a result of what we have read in conference that the experience abroad and especially studies at home dem-

onstrate that unless quality and standards of day care, especially care given to very young children, is of the highest order, the chances for serious real damage are too large to be ignored.

In this debate, all we have heard from those who face this condition in our society of \$1 trillion gross is that we are trying to cut corners on physical care for children who go to day care centers.

Mr. BROOKE. Mr. President, it seems to me, further, that it is pennywise and pound-foolish—that is an old cliché—because what happens to the child is that he gets involved in crime. Then that child has to be dealt with later on in the criminal courts. The child generally will end up either in some prison in the Nation, after having committed some heinous crime, such as we read about day after day.

So it seems to me that we are not saving money. If saving money is our main purpose, it seems to me that we are defeating the purpose by not trying to give the child some education and some training, rather than merely to let him go without any standards established at all.

This research was a most exhaustive study and indicates that there are just not enough standards; and that where there are standards, they are not being lived up to.

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

Mr. MONDALE. I yield.

Mr. PACKWOOD. When I knew that this issue was coming up again I referred to a telegram received from the Director of the Children's Services Division in Oregon, Don Miller, and also contacted the Division to ask his opinion as to whether the amendment, requiring adherence to the Federal day care standards, would adversely affect Oregon. He indicated that it would not; that he preferred that the amendment to the bill be adopted, to guarantee that these standards would be met.

But he also said that Oregon feels so strongly about the importance of these day care standards that Oregon intended to comply even if it were not written in the law as a Federal requirement.

Mr. President, Oregon has had serious budget problems, like many other States, but even this being the case, my State felt that the Federal day care standards were realistic enough, and necessary enough, to require compliance on a voluntary basis. Now it seems to me that my own State of Oregon, even though but a single State, provides ample evidence that we are not here talking about unrealistic, exorbitant costs. We are simply talking about providing safe, healthful, properly supervised care for children needing that care.

Mr. MONDALE. I thank the Senator from Oregon. I think his statement reflects the experience of one serious administrator in one State. It shows that the standards are reasonable and practical for the children involved.

Mr. CURTIS. Mr. President, what we are seeking to impose is what we have had for several years. The prime issue is not, in my opinion, whether it is fair that the Federal Government shall write the

standards or leave it to the States. The Federal Government has been writing standards since 1968, until a few weeks ago, and we have the conditions described by the principal proponent of the amendment. It is a bad situation, unhealthy, unsafe, and so on.

The question is whether we are going to vest authority in the Federal Government or in the States. Who is it that licenses physicians? It is the State. Who is it that licenses lawyers? It is the State. If Senators do not think the States are tough on discipline, try starting to practice in my State.

Who is it that licenses nurses? Who sets the standard for their training? It is the State. Who is it that licenses teachers? It is the State. Who is it that licenses realtors? It is the State. Who is it that licenses certified public accountants? They do not have Federal licenses. Who is it that licenses barbers and architects? Who is it that licenses hospitals? It is the State. Nowhere in the Federal Government does one get a license to run a hospital.

We have had Federal standards, and we learn that the situation is deplorable. What do we have to gain by perpetuating them?

I happen to believe that the State officials in my State can and will do greater justice to the children of all ages than will a clumsy, far-removed, impersonal, blundering bureaucracy in Washington.

It is not a question of money; it is a question of where the authority should rest.

I do not believe that there are any day care centers in my State that are filthy and unhealthy and dangerous, and if any Senator has any evidence of any such, I wish he would present it.

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

Mr. MONDALE. I would first like to respond to the comments of the Senator from Nebraska.

I think that the Federal Government does have a proper concern about the health of these children. It is Federal policy which, by and large, is encouraging and sometimes bring mothers at work under Federal welfare laws. It is social services money which is going to these programs. The Federal Government drafts people. The Federal Government pays most of the welfare costs. The Federal Government pays for penal costs. The Federal Government pays for a whole range of costs when people are damaged.

Everything that we have read, everything we have seen, everything that the experts in this field say indicates that when we fall beneath the standards required as a minimum, and which have been required since 1968, we risk the chance of damage to these children.

For example, the Child Welfare League of America, which I think most people recognize as one of the most responsible, balanced associations of experts in the field, said this:

Some care—that is, any care—which has not protective of children is not better than no care. If we cannot provide care for children which safeguards them and allows



them to grow and develop soundly, then those children should not be in day care but be with their own parents and under full-time supervision in the home.

I would find it very ironic, in the midst of this wealthy and powerful society, that we decided to save money at the emotional and physical expense of youngsters and infants who are unable to protect themselves.

I yield first to the Senator from Massachusetts. I will then yield to the Senator from Wyoming.

Mr. BROOKE. Mr. President, just on the point of my colleague from Nebraska, and then I will be very glad to yield to the Senator from Wyoming, at first blush the arguments that the States license doctors and lawyers and accountants and nurses might seem persuasive, but we are not talking here about licensing of professional groups or anything of that kind at all. We do not subsidize lawyers in this country. We do not subsidize doctors in this country. We do not give Federal money to many of the different groups that are, quite properly, licensed by the individual States.

We are talking about Federal money which is being spent for day care centers in day care in various States which have no standards and which are taking care of young children under the most deplorable conditions known.

What is the purpose stated? It says:

Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children.

Is that rhetoric, or is that a meaningful, purposeful goal which we of the U.S. Congress have established? That is what we are talking about here.

I did not raise the question of money. That question was raised by the opponents of the proposal. They were the ones who said money was the main issue. That is why I tried to address, and did address, the question to the distinguished Senator from Minnesota about money.

If it is not money, if it is just a question of States rights versus Federal rights, how can we, by any means of imagination, try to say at this time that of all the Federal money we are putting into this program, we should not establish standards by which these day care centers should be run and operate?

Mr. MONDALE. I thank the Senator. I think that is a very valid point. I tried, particularly when I stated the purposes, to show that one of the four purposes is contained in the bill, because one of the key elements of the whole social services program is to strengthen family life and provide the full range of developmental support for children who are being served through the use of these funds. And now there is being proposed a full-scale retreat on minimum standards which have been in existence since 1968—not reducing the standards; eliminating them entirely—at a time when we have all kinds of sordid reports we have seen by the hundreds, and we have the report of women who actually went in and

looked at day care centers and reported on hundreds of day centers in which we would not want a dog to be, let alone children.

Now we are told: "Forget about these standards. Let them do what they want. We will save some money by doing that."

Mr. BROOKE. Mr. President, if the Senator will yield, I am going to conclude, but let me first say that history has come full circle now. I see that the Senator from New York (Mr. BUCKLEY) has come on the floor. It seems to me we have some of the same parties who entered into this debate a year ago, including the Senator from New York (Mr. BUCKLEY) and the Senator from Wyoming (Mr. HANSEN), to whom I am going to yield the floor shortly. Certainly the author of this amendment (Mr. MONDALE) and the distinguished Chairman and I had this debate a year ago.

All I can say, in conclusion, is if that argument was valid in 1972, it is even more valid in 1973, and I think all of the reports, all of the research that has been done, will bear that out.

I commend the distinguished Senator from Minnesota and my distinguished colleague from New York, who are proponents of this amendment, and I hope that the Senate in its wisdom will accept it.

Mr. MONDALE. I thank the Senator. In just a moment I am going to yield to the Senator from Wyoming, but first let me say it is interesting that while we hear the argument of States' rights, we have not heard it from the Governors who represent the States. When my amendment was put in for social services, it had the unanimous support of all the Governors, and they asked for these provisions and the continuance of these day care center standards.

I yield now to the Senator from Wyoming.

Mr. HANSEN. I thank my distinguished colleague from Minnesota for his courtesy.

Mr. President, let me say at the outset that none of us disagrees at all with the desire on the part of the sponsors of this amendment with respect to the objectives that they hope to achieve. I certainly do not. I know that the distinguished floor manager of the bill does not, nor does the ranking minority member of the Finance Committee disagree.

We are not really talking about whether or not we can agree upon objectives. I think we do agree. I certainly recognize, as does everyone who has studied the problem at all, that children are important. Their welfare is important. Why, precisely, do mothers work? They work in order that they can do a better job in taking care of their children than they would otherwise have an opportunity to achieve.

I am a member of the Special Committee on Aging, and much of what has been said this afternoon has been said, in a broad-brush fashion, about nursing homes. There are those who say we need far more stringent regulations imposed on nursing homes in this country.

It is not hard to document a good case because one does not have to travel very

far, nor does he have to look at many homes without observing conditions that anyone would say could be made better. I stress those words "could be made better." Why do we not make them better? Why have we not imposed the same sort of regulations upon nursing homes that we are talking about here?

I sat in on some hearings that followed in the wake of the tragic fire in Ohio when a number of people were burned to death. It tore our hearts out, as it did everyone who read in detail or who heard about the tragedies in that fire.

Some of the proposals that were made to try to obviate a recurrence of that fire in a nursing home in Ohio were that nursing homes should not be built more than one story high, that there should be two exits from every room, one into an inner area where the people ate and congregated, and another into an outside backyard so that in the case of fire each person, if he were ambulatory, could go out the back door.

Mr. President, that sounds like a pretty good idea. However, it was not put into effect for a very simple reason. If we were to impose standards of that nature on nursing homes, we would automatically exclude from the services those facilities which provide for, I suspect, more than 90 percent of all people who now have to use them.

I have talked with the distinguished senior Senator from Iowa (Mr. HUGHES) about this matter, and I have talked with others. I know that the Senator from Iowa has told me that from personal experience as Governor of the State of Iowa—and from my personal experience as Governor, I know that it is not hard to impose standards on these facilities, whether one is talking about day care centers or whether he is talking about nursing homes, or whatever.

We can impose standards, and we will achieve something. We will raise the standards. However, in the process we may very well exclude most of the persons we are trying to serve.

So, despite what has been said about money, the problem does return to money. And the reason we had imposed a \$2.5 billion limitation on social services that are to be provided by Federal dollars at this time is that we saw a proliferation of services provided by the State which, by State definition, were includable within the broad category of social services. And as a consequence, with the single exception of my State of Wyoming, every one of the other 49 States displayed a sharp escalation of the expenditure of Federal dollars on the basis of the expansion of social services.

I would hope that we could be realistic and that we could realize what the facts are.

I have talked with people who are knowledgeable about the HEW laws in this respect. And they recognize that mothers today have at least two alternatives if they want to work and they have children who are eligible for day care center treatment. They may either take advantage of those facilities or they will see that their children are taken

care of by another mother in the neighborhood who is not actually running a day care center.

However, we come back to this proposition. Why do mothers do this? They do it because they want to be able to help their children live better. We all feel this way. I think that the distinguished chairman of the Finance Committee is not suggesting at all that we give every child a free Cadillac.

However, I would have to say that I read in the paper today that General Motors has about three-fourths of a million cars on hand now, the biggest inventory of new cars that it has ever had at this time of the year.

Jobs are in short supply. There will be more people unemployed. If one was watching television this morning, he probably saw that one of the main truck lines in northern California shut their doors because there was not enough fuel. He also probably saw that one of the major airlines furloughed thousands of people.

Anyone that has a job wants to keep that job. I would hope that we would not take action on the floor of the Senate that would make it impossible for those mothers who did want to work to continue working because we had raised the Federal standards imposed on each of the 50 States with respect to day care centers so as to make it impossible for them to work.

We can all be sympathetic, and indeed we all are sympathetic. We want to do whatever we can for people so that they can live better. However, let us not get so carried away in our enthusiasm for a particular type of service that we price it so high as to make fewer Federal dollars available for other members of society, and that is exactly what we could do.

There is just so much money. We are talking about \$2.5 billion. And if we punch the bag in one place, it will come out at another place. And if we pull the bag in here, it will collapse on the other side. I wish that there were more money. If we had all the money in the world, we could do things that we cannot do now.

We will find as the winter progresses that jobs will be more at a premium than they are now. I would hope, Mr. President, that we do not take action that will result in making opportunities for employment fewer in the future than they are now.

I hope that this country will be able—as I am certain, indeed, that it intends to—to improve on all of those services and to make every program better. However, we cannot achieve that objective by imposing Federal standards that are not realistic. And when only two of the 50 States now comply with the Federal standards we are talking about, it seems pretty ill-advised to me to say that whether the States want it or not or whether any of them are now complying with it or not, we will demand that they do this.

We can do that. However, when we do, it will mean that there will be more mothers who have to forego the opportunity of working. There will be more

people in America who live in poorer conditions than they now live because they cannot be as productive as they otherwise would be simply because we have priced day care centers out of the market.

Mr. President, I thank the Senator from Minnesota for yielding.

Mr. MONDALE. Mr. President, I thank the Senator from Wyoming. The main point of difference I have with the Senator is the apparent assumption that we can serve many people with substandard day care centers, no matter how poor the conditions are.

I would repeat what the Child Welfare League said:

If we cannot provide care for children which safeguards them and allows them to grow and develop soundly, then these children should not be in day care but be with their own parents and under full-time supervision in the home.

Let us ask whether States are in here urging the elimination of these day care centers. The answer is that they are not. We are not hearing from them. We heard from the director of the State of Oregon. We know that the Governors unanimously supported the bill I introduced earlier which contains a continuation of the day care standards that we have had since 1968. That is all we are asking for here.

The organizations which most closely represent the parents and the children in day care, and the labor unions and organizations which represent them, are almost unanimous in support of the extension of the day care standards as required in the pending amendment.

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

Mr. MONDALE. Mr. President, I shall yield in a moment to the Senator from New York (Mr. BUCKLEY). Before doing so, I would like to express my appreciation to him for the special study he made on the damaging effects of institutionalized care of children which is of a substandard nature. It is not a delightful picture, the physical and mental damage that can occur to infants and children when they are placed away from their parents and their families in day care centers, hospitals, and foster home care situations which are substandard.

The Senator from New York has compiled an enormous amount of undeniable data which warn us of the severity of the damage that follows when we fail to properly care for these children when, under certain circumstances, day care is required.

I am pleased to yield to the Senator from New York.

Mr. BUCKLEY. I thank the Senator from Minnesota for his very kind remarks. I believe this is the third time that the Minnesota-New York axis has mobilized itself on common ground, and I believe this is ground where our general points of view, although they may be different, unite in a common concern for the actual potential impact of a Federal program on those who are supposed to be aided by it.

Frankly, I have never been and am not now an enthusiast for day care as a general palliative for certain social ills, and

I would be the last to recommend that it be adopted on a large scale. However where day care is deemed necessary, it ought to be of high quality for the sake of the children involved. This was a major point of contention in the last Congress during the debates on the child care section of H.R. 1 and of the comprehensive child development bill. The latter proposal, and I supported the President's veto. The bill represented in my opinion a classic case of Congress promising to provide that which the Federal Government could not possibly deliver.

Also, as I pointed out at the time, the mere fact that it seemed to be imposing the whole concept of day care on an indiscriminating basis could change public attitudes as to whether or not it would be truly suitable for a particular child. As the Senator from Minnesota has pointed out, experience has proven that the natural mother is the best possible institution for the care of a child.

On many points in last year's bill, I was in sharp disagreement with its sponsors. But on one point there was complete concurrence, that being the damage arising from the "warehousing" of children. The evidence on this point, Mr. President, is both substantial and uniform in its findings; namely, that day care for the very young—chiefly those 3 years of age and under—is psychologically unwise and should be resorted to only under exigent circumstances. In order to minimize such risks, it is necessary to maintain a low adult/child ratio. This, of course, involves considerable expense, a fact which proponents of last year's measure acknowledged, even while insisting that somehow the money would be found to pay for it. On a number of occasions, I pointed out to the proponents of the comprehensive bill that their attempt to expand the eligibility base and to insist at the same time that the care be of a high quality would, given the imminent budgetary crisis, lead precisely to the very "warehousing" that their proposal was ostensibly designed to prevent. And just such a consequence, I fear, will also result if the Federal Inter-Agency Day Care Standards are diluted or eliminated as a condition for the receipt of federal funds for day care.

It is for these reasons that I have in the past urged that Government ought to concentrate its necessarily limited day care resources upon high quality care for those for whom extrafamilial care is a real necessity, and that I now urge the Senate to restore high quality day care standards to H.R. 3153. By accepting our amendment.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. BUCKLEY. I am glad to yield.

Mr. CURTIS. Is the Senator aware that the standards which would be imposed by the pending amendment have been in the regulations for several years?

Mr. BUCKLEY. I am aware of that.

Mr. CURTIS. What is the problem that makes it difficult, impossible, or improbable that the State of New York could and would adequately license, police, and supervise day care centers if the responsibility were upon the State?

Mr. BUCKLEY. I believe that, in many

instances, in many areas, the State of New York would undoubtedly exercise appropriate judgment; but quite frankly there are groups and communities within New York who still have not caught up with the growing body of evidence as to the danger to the young if we do not have the very expensive adult-child ratio.

I share with the Senator from Nebraska his general confidence in the abilities of the States to look after themselves, but here we are talking about a program utilizing Federal funds that can do positive damage. This is why I am standing here today. I feel that we may become an instrumentality of harming children.

It is not a question of wasting money; it is not a question of mismanagement; it is not a question of being sloppy. But I know from my own experience and the lobbying that I have received in this area that there are groups that are uninformed. I do know that the standards are being tightened at the Federal level. I do know that there is a growing awareness of the validity of the concerns of those like Dr. Dale Meers, who has documented what happens to these children.

I say it is preferable to have no Federal day care program than to have one in which we are not assured—because we are responsible for how this money is expended—that we have the essential safeguards that we know are necessary.

Mr. CURTIS. I call my distinguished friend's attention to the fact that we rely upon the States to license their doctors, to license their nurses, and to license their hospitals. I also agree with him that the primary concern is what happens to children.

My feeling is that the children are in better hands under the jurisdiction of the State of New York than under a bureaucratic government at the Federal level if responsibility was placed there. That is the reason for my opposition to the amendment.

Mr. BUCKLEY. Mr. President, I believe there is a distinction between having the States conduct an activity financed by the Federal Government in accordance with certain guidelines and having the Federal Government administer the entire program. I agree, subject to the appropriate guidelines, that I would rather see New York State handle the problems; but, again, we get back to the point here where we are dealing with something special. We are not dealing with the question of waste, or of the selection of priorities, or other questions which are utilized as an excuse for substituting Federal administration for State administration. But I see an authorization having a significant sum of money that can be utilized to harm children unless we, here today, take full consideration of the medical facts now available to us and act accordingly.

Mr. President, I would not want to read from the remarks I made on June 20, 1972, at the time I introduced the amendment to upgrade and tighten standards on day care, but I would ask unanimous consent that my remarks on that date be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUCKLEY. Mr. President, let me quote one or two samplings from the commentary by Dr. Dale Meers, child psychoanalyst at Children's Hospital in Washington, D.C., on the necessity to consider child care facilities not as a place to deposit a child but in the context of remedial institutions for very particular children who, for some reason or other, could not otherwise be cared for in an appropriate manner. Dr. Meers quoted extensively from various literature. Let me quote one paragraph:

On the basis of the information available regarding different types of child-rearing practices and their known outcomes, as well as our present day knowledge of the basic needs of the human infant to develop normally and ideally, I cannot but seriously question (for the age group I have been referring to) the advisability of moving to the establishment of day care centers in the grand scale that this country is now planning. I fear that widespread and unthoughtful use of such facilities in this country, for infants in the age range between birth and two and a half years of age, could someday result in the United States mass-producing large numbers of children with serious emotional problems and psychopathology. Furthermore, we may mass-produce large numbers of low achievement, low I.Q. youngsters, babies whose brains are understimulated and mismanaged, whose emotional development has been interfered with by inappropriate day care center's practices.

Here is another quotation, again from Dr. Meers:

The most consequential and controversial question of early day care is that of potential danger and damage to the very children for whom the centers are designed. . . . The significant causal variable appears to be the depersonalization of human relationships that are vital to the child's healthy maturation. . . . Depersonalization can readily take place in institutions. . . . It is a chronic potentiality in group care of children.

Mr. President, there are other samplings, and I do call the Senate's attention to them as to the opinions expressed therein. All I can say is that the literature of the past year has served only to corroborate the extensive evidence I quoted on that day.

Thus I urge my colleagues to vote in favor of the Mondale amendment if we are to have Federal funds going for child care purposes. If we do not adopt this amendment, then we must assume the individual responsibility for setting time bombs around the country—time bombs that can harm our children for the remainder of their lives.

#### EXHIBIT 1

#### AMENDMENT NO. 1247

Mr. BUCKLEY. Mr. President, I call up amendment No. 1247 and ask that it be stated.

The PRESIDING OFFICER (Mr. ERBICOFF). The amendment will be stated.

The assistant legislative clerk read as follows:

"On page 74, line 15, insert a new section (2) as follows and renumber succeeding sections:

"(2) In the case of parents who request full day child care services made available under this Act, the Secretary shall inform them

in writing of the following: (a) that the mother-infant relationship is the cornerstone of healthy development for the vast majority of children; (b) that group day care is primarily a remedial or emergency device whose value extends mainly to children who are developmentally disadvantaged, handicapped, abused, neglected, or are otherwise receiving harmful care; and (c) that separation from the mother or mother figure on a systematic basis, or for long periods of time, combined with placement in a group care facility, can cause psychological harm to the child, and especially to those under three years of age."

Mr. BUCKLEY. Mr. President, the purpose of my amendment is not dissimilar to the purpose of those who sell medicines, who alert the patient to certain possible harmful side effects of the medicine. I am very much concerned that the potential for harm to young children under the day care programs provided for in this bill far outweighs the good contained in other parts of the bill now before us. While there is unquestionably a need for remedial services for "developmentally disadvantaged" or neglected children, no convincing demonstration has been made for the type of broad-reaching programs here authorized.

A fundamental objection to the overall tone and intent of this bill is what I would call the overselling of the concepts of child development and day care. In the first place, the assumption is conveyed that the Government and its agents know how to provide "healthful and stimulating development" of children. As Dr. Ernest Van Den Haag, psychoanalyst and sociologist at New York University, recently observed in congressional testimony:

"If the government has such knowledge it is a well kept secret of which the scientific community is quite unaware. . . . The assumption that social science has as yet produced a tested theory of child rearing is sheer fantasy. Only a few variables have been detected. And they suggest that family care should be encouraged, not replaced."

The simple fact is that the state of the art of child development is as yet primitive. Mr. Jule Sugarman, former Director of the Office of Child Development underscored this fact in testimony before Congress in December of 1969 when he said:

"As we enter the 1970's we are still seriously deficient in (a) our understanding of how children develop, (b) the causes and nature of the deficits found among disadvantaged children, (c) the techniques for appraising the state of development and (d) the design and delivery of programs and curriculum to prevent or overcome developmental deficits."

He went on to say:

"Early childhood programs are being created and operated on an inadequate base of knowledge. There is general agreement that the early years have great importance in the growth and development of the child. There is also general agreement that high proportions of children from economically disadvantaged families begin to show developmental deficits very early in life."

But, he added—and I wish to emphasize this very strongly, Mr. President:

"There is far less agreement on what constitutes effective intervention to improve the opportunities for development of such children."

I am informed that Mr. Sugarman is a supporter of the pending legislation, as indeed he was of last year's bill. But if what he said in December of 1969 is true—and I believe it is—I cannot for the life of me see how he can be so bold in his support of the current bill. Has there been some dramatic breakthrough in the art or science of child development since December of 1969? Has some hitherto undiscovered body of knowl-

edge come to light since then? I do not believe it has, and know of no one who claims it has. While some progress has been made, the description of the state of the art offered by Mr. Sugarman in December 1969 holds true today. As Dr. Zigler indicated in testimony in 1971, and if it is true, Congress would be premature to enact such a far-reaching program as that proposed today.

There is, in short, much disagreement in the field of child development today. At present, the educational approach to child development seems to be most popular. Indeed S. 3617 reflects this preoccupation with educational preschool programs. Yet there is widespread criticism by respected child specialists of the current emphasis on academic training for young children. It is argued that attempts at programmed cognitive stimulation can destroy the creative and developmental value of play and, by pressure for performance, virtually make our children old and gray before their time.

In addition, attempts to increase the cognitive level of children outside of the home have usually been relatively ineffective, or else the successes have been of short duration. On the other hand, efforts to increase the parents' knowledge of good child-rearing techniques, such as the Homestart program, have been markedly successful in their resulting effects upon the development and well-being of the children, while at a much lower cost than preschool programs like Headstart.

My purpose in mentioning these disagreements is only to point out that a Federal program of child development will necessarily tend to impose one approach to child development on perhaps millions of children—and it could turn out to be the wrong approach.

The field of child development and preschool education is not a value-free, objective science. It is a field of controversy involving diverse value judgments about a variety of sensitive issues, from permissiveness versus discipline to the teaching of belief in God or sex education. It is an area in which Congress would be well advised to tread cautiously.

The fact is that group day care has been oversold. It has been made to appear to be a safe, indeed desirable, form of child rearing and education for virtually all children. S. 2007 is intended to make day care centers eventually available to all children, from birth to 14. The distinguished Senator from Minnesota (Mr. MONDAL) even stated last year, "I hope that we can come up with a national, pre-school developmental program. . . ." While S. 3617 is not as explicit in this regard, nonetheless, the spirit remains the same and both its wording and provisions enable and encourage future expansion on a universal basis. But such an optimistic view of the potential of day care, even the developmental kind, is erroneous on at least two counts. First, child specialists have accumulated strong evidence indicating that the institutional environment of day care centers, even the better ones, can actually be harmful to the psychological well-being and development of young children. Second, as Dale Meers, child psychoanalyst at Children's Hospital here in Washington, and an authority on international day care recently pointed out, the notion that day care offers some general educational advantage is in error:

"I do not understand where this idea originated—"

He said—  
"Though I once shared it as a prejudice. The U.S.S.R. does not try to use day care as an educational vehicle, indeed, that country initiates its educational efforts a year later than we do in our public schools."

Mr. Meers explained that developmental day care has potential value as a remedial measure for those children who have been

socially deprived, neglected, or handicapped in order to circumvent development decline. He further stated:

"In failing to designate that day care is remedial in its intent, the legislation infers that intact families can securely use such facilities; and . . . since day care is only remedial at best, it bypasses the basic problem of prevention."

The potential harm in day care involves the by now fairly well established fact that the early childhood years, especially 0 to 3, and to a lesser extent 3 to 5, are crucial to a child's later emotional and intellectual development. The quality of parental care and the experience, or lack thereof, during these years significantly affect how well a child will eventually develop physically, mentally, and emotionally.

In connection with this finding it was learned through years of experience and research that many children who were raised in institutions, who spent long periods of their early years away from their mothers and a normal family environment, were significantly retarded in their development and suffered from psychological disturbances of varying degrees of severity. The primary cause of these problems was determined to be "maternal deprivation," that is, the absence or the inadequacy of (1) a relationship to a mother figure who need not be the real mother, (2) the continuous loving care of such a person, as well as (3) the lack of proper emotional and sensory stimulation as a result of such absence or inadequacy.

John Bowlby, a distinguished British doctor, reviewed the extensive research on the effects of many child specialists in his famous monograph "Maternal Care and Mental Health" (1951). He concluded from the evidence that—

"It is plain that, when deprived of maternal care, the child's development is almost always retarded—physically, intellectually, and socially—and that symptoms of physical and mental illness may appear. Such evidence is disquieting, but skeptics may question whether the retardation is permanent and whether the symptoms of illness may not easily be overcome. The retrospective and follow-up studies make it clear that such optimism is not always justified and that some children are gravely damaged for life. This is a somber conclusion which must now be regarded as established."

In the succeeding years a great deal of research and investigation into these issues has shed valuable light on the processes of child development and the circumstances and effects of "maternal deprivation." Nearly all studies have tended to confirm Bowlby's basic hypotheses, with several qualifications. Maternal deprivation can mean the absence of a "mother figure," which need not be the real mother; maternal deprivation also refers to the absence of the emotional relationship and sensory involvement which the mother figure uniquely provides; the effects of institutional care are not always as severe or irreversible as he had thought.

Now, how do these findings relate to the question of a large increase in the number of day care centers which this bill encourages?

First, we must realize that day care centers are institutions and offer institutional care. Second, the essential factor of institutional care is not the nature of the facilities, but rather the institutionalization of human relationships—the impersonal, the necessarily formal and homogeneous nature of the care. Third, the time an infant spends in a center represents most of his formative, waking hours. Thus, the quality of the center experience is critical and can have a great effect on a child's development.

Because, in nine cases out of 10, care in a center is much the same as that in a full-time institution, there is widespread agreement among child specialists that center care

should be avoided, if possible, for children under the age of 3.

The Federal Government's interagency day care requirements state that:

"Day care centers should not accept children under three years of age unless the care available approximates the mothering in the family home. Centers usually do not attempt to stimulate family living."

The Child Welfare League of America recommends that a family day care home or some other variation of family environment be used if a mother is unable to care for her children. The league also advises that for children over the age of 3, careful consideration ought to be given to each child's needs and condition in determining whether or not he should be placed in center. In general, the domestic atmosphere and personal scale of care in a decent family day care home is preferred as safer and more appropriate than care in a center.

The reason for this caution and concern about center care or, indeed, any form of group care, is that group day care exposes children to many of the same conditions and hazards which are found in full-time children's institutions. The hazard of the "maternal deprivation" syndrome exists in nearly all centers, due to the lack of trained staff, high child to staff ratios, and the necessarily lesser concern and interest felt by the staff toward the children, as opposed to the concern of the children's parents or relatives. In an article in 1970 Margaret Mead noted that—

"Paid, well trained nurses who are trustworthy, intelligent and have the character appropriate for the continuous care of an infant are almost nonexistent today. And no State-supported child care center can afford enough well trained, nurturing persons.

The Child Welfare League of America, in a 1962 policy statement, observed that "research and clinical experience have given evidence that group care of preschool children may result in emotional and intellectual damage." The multiple and intermittent mothering that is—infrequent care given by several different people—and lack of sufficient personnel in day care centers results in a situation where a young child cannot form the vital, continuous and close relationship with one particular adult. Furthermore, the child almost never receives sufficient stimulation, especially verbal, necessary for his cognitive and other developmental needs. Indeed, the common absence of socially stimulating conditions in exchanges with adults, for example, probably accounts for the backwardness in speech often found in children in day care centers.

#### PRIVILEGE OF THE FLOOR

Mr. President, at this time I ask unanimous consent that a member of my staff, Mr. Michael Uhlmann, be granted the privilege of the floor for the duration of the day.

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

Mr. BUCKLEY. Mr. President, this situation arises not only from lack of sufficient personnel, but, more fundamentally, from the depersonalized nature of institutional child care. Psychoanalyst Meers, whom I earlier quoted, points out in a recent article on day care that:

"The most consequential and controversial question of early day care is that of potential danger and damage to the very children for whom the centers are designed. . . . The significant casual variable appears to be the depersonalization of human relationships that are vital to the child's healthy maturation. . . . Depersonalization can readily take place in institutions. . . . It is a chronic potentiality in group care of children."

In a cautionary article, "Psychoiatry and Day Care Centers" in the care of children in day care centers, published by the World Health Organization in 1964, Dr. S. Lebovici,

the noted French child psychiatrist, remarks that some day care centers which pride themselves on maintaining quiet and order and cleanliness, and which point proudly to rapid progress in certain areas of development may create an excellent first impression on the superficial observer. But, he says:

"It is easy, perhaps, in such cases to lose sight of the fact that the children are dull and apathetic, respond passively to the demands of their educators and demand too much of themselves. This may have serious effects upon personality formation."

A study of emotional deprivation in a nursery by M. David and G. Appel in 1962 found much evidence of depersonalization:

"The routine of day-nursery as a rule protects the nurse against establishing any link with the children by obliging her to pass quickly from one to the other. Accomplishing her tasks conscientiously and skillfully, able to obtain a smile here and a look there, the question of real contact with the children does not arise, and she feels no need of it in the tasks she performs. This attitude prevents any attachment but also any feeling of aversion to a child—which is painful—and it also avoids any painful separation at the end.

"It is easy to see from this that the nursery routine "is useful to the nursing staff, and why they oppose change—even apparently simple and obviously necessary change. Such change in fact exposes the nurse to a frustrating experience, either because she cannot give sufficient time to her favorite child—from whom, moreover, she must eventually separate—or because she finds herself faced with indifference or hostility which makes her feel guilty and risks giving her misgivings about her capacity for motherhood."

Meers points out that the greatest potential for harm to children exists—

"In the early years since babies will adapt to anything. The price of accommodation to noise, confusion and different types of handling in day care centers is that babies retreat involuntarily into passivity. They respond by apathy, they stop crying and retreat within themselves. For example, I've seen one nursery in Budapest where hungry infants under the age of six months were almost totally silent. They appear to abandon their genetic potential for crying and activity (as expressions of distress) as they retreat into passivity. If some measures of pain and distress were the only question, that is if babies would outgrow the consequences, it might be alright: But the evidence is anything but clear that this is so. "The price of adaptation may be a severe psychiatric disability, and it seems probable that even physiological damage may ensue, as in our failure to thrive children. In East Germany, Czechoslovakia, and Hungary, it looked to me, as a clinical observer, that one could visibly discern, by age five, which children had been placed in day care centers since birth, since two or four years of age. That is, the older they were when they went in, the more alert and responsive they were. Conversely, the earlier they went in, the more passive, retiring and perhaps retarded."

Dr. Lebovici explains that even temporary separation of the child from the mother may result in frustrational pathology:

"In the opinion of many authors, frustrational pathology includes certain mental disorders in the fields of psychopathy, delinquency and even schizophrenia. In any case, the study of frustrational pathology should be extended to cover not only the limited field of sudden complete separation but also the more subtle effects of temporary and partial separations and especially of what has been called emotional or sensory deprivation.

"This, as indicated above, may represent ill-timed and delicate changes in the mother-child relationship (and may throw light on

the conflict between the mother's contribution and social demands in regard to the child's needs.)"

In addition to the psychological problems associated with day care centers, there is the question of the social effects of group care. As the Auerbach Corporation's report on the work incentive program comments, in its section on child care—

"Health and education authorities are continually discussing the merits of all-day care, because children growing up in groups are different from children who do not grow up in groups. Young children who spend most of their time with a group of other children (and 'day care' covers most of a young child's waking hours) learn to function in a group environment; they do not necessarily function equally well without the group. There is a possibility that 'day care' and other full-time group facilities for children may develop too conforming a group of children—children who are more comfortable in the group setting and who will find it difficult to function alone."

Mrs. Mary Rowe, a noted child care economic consultant, commented in congressional testimony on the loss of individuality amongst children in Soviet day care centers:

"In the Soviet Union I have seen groups where women were taking care of 15 or 30 small children, ages 3, 4, and 5. Those children are decorous, well-behaved, they move in circles, in groups. The child who steps out of the circle to pick up a leaf or to run around a tree, as a child will, is quietly and gently called back to the circle. The circle moves together to eat, moves together to the bathroom."

Meers notes that in Russia and the Eastern European countries, where day care and preschool centers have long been provided by the government for preschool children, there is growing concern over the effects of such care on the children. Recent research has led to a reevaluation of the desirability of these programs. In Czechoslovakia, for example, the Government no longer allows infants under 3 to be placed in centers, and child researchers are reviewing their desirability for the 3- to 5-year-olds. In other countries child specialists would like to cut down on day care programs, which were once necessitated by a postwar shortage of manpower.

Dr. Sally Provence of the Yale Child Study Center poses some important questions concerning group care in her book, "The Care of Infants in Groups":

"Will there be significant differences in the personality structure of children reared in groups by persons not their own parents compared with children reared in families? Will children reared largely in group settings be able as adults to form families and care for their own children? How does a long period of group care, with the many parent figures inevitably involved, influence such aspects of personality as the development of internalized controls over behavior or the capacity to love? What are its effects on intellectual development and on creativity? How will our society be influenced if large numbers of its members are reared from infancy in group care settings?"

Can we as legislators authorize such a program as is here proposed without concrete answers to these vital questions?

Prof. E. Gornicki, Director of National Research at Poland's Mother and Child Institute, in an article on day care centers published by the World Health Organization in 1964, felt obliged to point out that—

"The environment of a well organized day care center does not markedly retard the child's psychomotor development or, in the majority of children, cause behavior disorders or particular difficulties other than those found in children of the same age brought up in their own homes."

But this very statement is an admission that the center experience causes retardation in most children and significant behavior disorders in at least some children.

Dr. Kumberto Nagera, director of the child psychoanalytic study program at Childrens Hospital, University of Michigan, has recently written an impressive paper on the developmental and psychiatric problems of day care centers entitled "Day Care Centers: Red Light, Green Light, or Amber Light?" in it he speaks of the "violence that is introduced into the developmental patterns of the young baby and toddler, by a day care situation. He concludes that—

"On the basis of the information available regarding different types of child-rearing practices and their known outcomes, as well as our present day knowledge of the basic needs of the human infant to develop normally and ideally, I cannot but seriously question (for the age group I have been referring to) the advisability of moving to the establishment of day care centers in the grand scale that this country is now planning. I fear that widespread and unthoughtful use of such facilities in this country, for infants in the age range between birth and two and a half years of age, could someday result in the United States mass-producing large numbers of children with serious emotional problems and psychopathology. Furthermore, we may mass-produce large numbers of low achievement, low I.Q. youngsters, babies whose brains are understimulated and mismanaged, whose emotional development has been interfered with by inappropriate day care center's practices."

We in the United States must ask ourselves whether or not we are willing to give unqualified endorsement and support to a program, such as is authorized in this pending legislation which could have these kinds of adverse effects on significant numbers of our children:

As Meers warns:

"I think that the dangers of a comprehensive day care program for children under three years of age are so problematic that it's like asking Congress to approve a new drug for the market that will relieve headaches, though we already suspect that his drug may have a carcinogenic side effect. There are so many real and significant dangers we know of in institutional type care (and institutional care is not confined to four walls, but refers to institutionalization of human relationships) that this proposal entails a potential and very real danger. To establish day care centers across the country without having empirical, psychiatric assessments over time, is an undue and fool-hearty risk. Why should we expose large percentages of our children to such risk when there are potentials for severe psychiatric danger?"

It can be argued that the dangers outlined above many in fact be present in existing day care centers, and that one of the purposes of this legislation is to eliminate them by providing quality, comprehensive day care and development centers. This may be possible, but I believe it is unlikely for the following reasons:

First. There is as yet insufficient knowledge and an uncertainty both as to what causes and how to prevent early developing psychological and emotional disorders;

Second. Quality standards of care, especially in terms of personnel will be very hard to meet and maintain for a large scale program; and

Third. The problem of impersonal, comparatively uninterested care by paid attendants will continue indefinitely.

The problem of the lack of knowledge in the field of child development has been discussed earlier in an attempt to remedy these deficits in understanding concerning proper child development and child care policies,

The Department of Health Education and Welfare is currently involved in a variety of experimental child care programs designed to evaluate the different kinds of approaches and their effects and costs. Training programs are also being devised. Final results will begin to accumulate after 1973, when the experiments are completed. The very important longitudinal study which will describe the long range effects of the different approaches is to be completed in 1976.

If, rather than mounting the large scale day care program that will report from this bill, we instead expand a systematic program of research and experimentation into various approaches to center care and environment, we may at least be able to identify the more effective techniques for cushioning the impact of the potentially traumatic conditions arising in day care centers, and perhaps develop more desirable alternatives.

In the absence of such concrete knowledge, I ask you whether the implementation of a large-scale day care program, with its attendant risks, should be permitted.

Realizing that day care centers are a reality and, in some cases, a necessity for children who are developmentally disadvantaged, handicapped, abused, neglected, or otherwise receiving harmful care, we must insure that centers have high standards, not only for facilities—which, given certain minimums, are secondary in importance—but especially for quality of staff and programs. The Child Welfare League of America sets forth the requirements for good developmentally oriented centers in its standards for day care service. Most important, of course, is the number of staff and their training and attitudes. The CWLA recommends, when there is no superior alternative available, that infants be cared for in groups of not more than four, with one adult per two children, and that they receive "individualized, consistent, and continuous care from one person with whom the child can interact . . ."

But finding qualified and appropriate staff personnel is a difficult task. Staff members are thus expected to understand the developmental processes and needs of children and to be trained in the methods of transmitting the appropriate skills and assisting children in discovering themselves and the world around them. They must be of a temperament which is willing and able to relate to and give continuous and individualized care to each of their charges.

Good care in short, should try to approximate the concern and attention of a good, average mother.

Good care, then, necessarily costs a lot of money; the operating cost of good developmental care is usually considered to run about \$2,500-\$3,000 per child, with staff expenses accounting for approximately 75 percent of the total. But to meet the desirable staff/child ratios, the costs of care in a center may be as much as \$4,000 per child, not including any construction costs.

Before Congress passes a major program, it must consider whether the goals of the legislation can be achieved in fact, and whether there is reasonable hope that they will be achieved. Let us consider S. 3617 in this regard.

The effect of the legislation before Congress would be the establishment of federally supported and regulated child care and development facilities across the Nation. Its supporters claim that it will not only meet the existing need for such facilities, but also provide the desired high quality, developmental care. The original legislation, which was vetoed, was intended to establish centers for millions of children, eventually making them available to all children through age 14, regardless of whether or not their mothers work, but for the time being this aspect has been toned down.

Such proposals, idealistically conceived and intended, may sound good on paper. But, aside from the issue, which I have discussed above, of the desirability of launching a full scale program of public child care as opposed to family oriented approaches, there are good grounds for questioning whether the reality of such a program will correspond to its theory.

Mr. President, I submit that it will be nearly impossible to achieve and maintain the high quality care required to prevent damage to young children if the number of day care facilities is swelled significantly by a large increase in Federal funds for that purpose. The reasons for this are essentially threefold: First, the high cost of care, second, inadequate knowledge, and third, lack of trained and capable human resources. The high cost per child for good care is related in particular to the number of staff. The large increase in demand for staff which would result from a major Government program, would force up the costs of staffing significantly. Gwen Morgan, day care consultant to the State of Massachusetts, says that—

"Many day-care operators think they can pay the staff low wages, because most States only require the director of a day care center to have full credentials in the field of early childhood development. But, as the industry grows, there will be a lot of pressure for parity with the teaching profession—look at what happened in New York City."

She refers to a several-week-long strike by day-care employees in the fall of 1969, out of which the employees won a 25-percent pay increase in 1970, followed by a 13-percent hike in 1971.

Even more important than costs is the lack of the necessary knowledge. As discussed earlier, specialists are uncertain as to how a child develops and as to what specifically should be done to promote a child's optimum development. They are even more in the dark as to the prevention of childhood psychological, emotional, and behavior disorders. We simply do not know enough at present to give the right answers.

As regards to the problems of staffing, the number of trained personnel available to staff future centers is woefully inadequate, even for present needs. The Auerbach report on the work incentive program found in 1970 that—

"As the situation now stands, the number of graduates from early childhood education (child development nursery school management, or whatever name it is given), who have also had a few years experience and could therefore qualify as head teachers and directors, is too small to meet the present need, much less any expansion in the number of facilities. . . . The major barrier is still lack of training of staff."

Currently there are very few colleges or universities offering undergraduate or graduate degrees of this nature.

Dr. Humberto Nagera, director of the child psychoanalytic study program at the University of Michigan, Ann Arbor, was reported in a recent interview in the Detroit News as feeling that there are no more than 300 people in America knowledgeable and qualified enough to be directors of developmental day care centers. Yet estimates of the number of new facilities to be set up under recently proposed legislation run as high as 40,000.

His view brings to mind again the statement of Margaret Meade that the type of persons needed to make a good day-care center are "almost nonexistent today."

The shortage of good staff is perhaps the major concern, for it is at the crux of good care as Dr. Lebovici noted in regard to the Paris system.

Mr. Meers has some pertinent comments regarding personnel problems:

"We sometimes assume that recruitment,

staffing and training of day care personnel should be elementary. The assumption is most questionable. The status of mothers, and their substitutes (whether babysitters or caregivers), is minimal in the hierarchy of U.S. social conventions. Since we lack the emotional nest of the kibbutzin or the ideological thrust of the Communist world, it appears singularly unlikely that U.S. recruitment of caregivers could be maintained at a level much beyond that of France or East Germany. One might expect that the principle of lesser employability would determine the caregiver's self-selection and that, in lieu of high pay or high status, mobility of caregivers would be considerable."

The mobility of staff is a serious matter because it further reduces the possibility of continuity of care and results in the breaking up of whatever close personal relationships the caregiver may have established with some children. It is an aggravation of the problem of "multiple mothering." Meers adds that it is a widespread problem in European day-care center operations, as well as our own.

Finally, Mr. President, we can expect to see a widespread substitution of these centers for the current arrangements of working mothers, mothers taking advantage of this subsidy to seek work, and a number of mothers who find it easier to let the government rear their children than to accept and fulfill this responsibility themselves—which, by the way, seems to be a perfect inducement to parental neglect. As Muriel Katz, director of New York City's day care program observed in 1970:

"Every time we open a new center, especially in a new neighborhood, it just seems to stimulate demand that much more."

Dr. Zigler, Director of the Office of Child Development, recently made a revealing observation in regard to this problem:

"If nothing else, women's liberation will see to it that we have day care. I know it is coming, but I am apprehensive. I am concerned that we may destroy family life."

Given the numbers of children potentially involved under the proposed Federal program and the lack of qualified personnel available, not to mention facilities, it seems that the quality of care given to children will necessarily have to suffer. Standards will have to be waived or lowered in order to accommodate the crush of children created by the availability of relatively free, Government subsidized and approved day care facilities. The first thing to go will undoubtedly be the very important high staff/child ratio requirements. Indeed, because of complaints from States and localities that the high staff/child ratio requirements of the existing Federal interagency day care standards are too expensive and inhibit this expansion of facilities, the Department of HEW is currently circulating a proposed revision of standards which lowers staff requirements.

In the Soviet Union, Meers found that—

"The vast extension of the programs appears to have made recruiting demands that do not permit the quality of staff selection aspired to by planners."

The Soviet experience has great relevance to our own situation. If we greatly expand day care facilities, as is proposed, not only may we have to make do with less staff than is required for good care, but we will be forced to hire people who are both inadequately trained and who lack the warmth and the concern so necessary for the successful development of children. In fact, we run the serious risk not only of putting the children of working mothers and others into depersonalized and potentially hazardous institutional settings, but also of putting them into the hands of people who may be less capable of and less interested in giving them good care than many of those who now look after them.

Mr. President, I want to say that I had marvelous cooperation with the sponsors of the bill, the Senator from Wisconsin and the Senator from Minnesota. I agreed I would not ask for the yeas and nays on this amendment but rather that I would submit it for a voice vote, which I am prepared to do at this time.

Mr. BUCKLEY. Mr. President, the first amendment is an amendment which is not printed, which I send to the desk. This amendment would make clear that nothing in this act shall be construed to authorize the creation or maintenance of child advocacy programs unless specifically authorized by statute.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"On page 76, line 11, before "Repeal" insert the following additional paragraph (c):

"(c) Nothing in this Act shall be construed to authorize the creation or maintenance of Child Advocacy programs, nor shall any funds appropriated under the authority of this Act be used for the creation or maintenance of Child Advocacy programs unless specifically authorized by statute."

Mr. BUCKLEY. Mr. President, I believe that the amendment is self-explanatory. I have no further remarks to make on it.

Mr. President, my second amendment is a substitute for my amendment No. 1248, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"On page 3, between lines 9 and 10 insert the following new subsection:

"(c) Congress finds that the family is the cornerstone of healthy physical and psychological development for children, that the value of day-care services extends primarily to economically disadvantaged children, with special emphasis upon those children who have special developmental needs or other hardships, and to other children for whom suitable care is not otherwise available, and that day-care services outside the child's own home must be designed to supplement and support, and never to replace, the parent-child relationship. This Act is not intended or designed to provide a framework for the universal application of outside-the-home care to children in general."

Mr. JAVITS. Mr. President, would the Senator yield?

Mr. BUCKLEY. I yield.

Mr. JAVITS. I believe the clerk read "psychological" and I think the amendment states "psychological."

Mr. BUCKLEY. That is correct. I thank the Senator.

Mr. President, the amendment is self-explanatory. The purpose is to focus the resources under the bill to those who are mostly in need. The resources are limited and I am sure that all concerned want them to go to those who cannot get suitable care.

Mr. President, the next amendment I call up is amendment No. 1246.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"The Senator from New York (Mr. BUCKLEY) for himself and the Senator from Texas (Mr. TOWER) propose an amendment as follows:

"On page 68, line 14, strike the period and insert the following at the end of the line: "operated or funded by the Federal Government."

Mr. BUCKLEY. Mr. President, this is purely a technical amendment. The amendment would make sure that where the Federal Government is authorized to coordinate 13 programs in the child-care field, we are talking about programs operated or funded by the Federal Government.

Mr. President, my next amendment is No. 1245.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. The sponsors and I have agreed to certain modifications which I ask be incorporated in amendment No. 1245; namely, on line 3, strike out the word "three" and insert the word "two"; on line 8, strike out the word "three" and insert the word "two"; on page 2, line 2, insert the word "suitable" after the word "other"; on line 5, strike out the word "three" and insert the word "two"; and on line 8, page 2, insert "to the extent possible" after the word "receive".

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

The amendment, as modified, is as follows: "Mr. BUCKLEY, for himself, and Mr. TOWER proposes an amendment:

"On page 59, line 3, after the date "1968", insert the following: "Provided, however, That in the case of group care facilities, the ratio of caregivers to children under two shall not be more than one to two, such care to be provided for in groups of not more than four."

"On page 75, line 8, after the word "served—", insert the following and renumber the succeeding paragraphs:

"(1) Children under the age of two shall not be placed in group care facilities unless it is deemed necessary and unless other suitable alternatives are unavailable. In any case where group care is provided for such children, the ratio of caregivers to children under the age of two shall not be more than one to two, such care to be provided for in groups of not more than four. Such care must approximate the mothering in the family home. Each child must receive to the extent possible individualized, consistent, and continuous care from one person with whom the child can interact."

Mr. BUCKLEY. Mr. President, the next amendment which I send to the desk is technical in nature.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"On page 6, line 12, after "homes" and before the period (.), insert the following: ", including family day care homes."

Mr. BUCKLEY. Mr. President, again the purpose of the amendment is clear. It is to make plain that it includes not only the child's own home, but any other home where the child can receive suitable environment and care.

Mr. President, those are the lot. Again I want to express my very great appreciation for the cooperation and help which I have received from the sponsors.

Mr. MONDALE. Mr. President, I ask for the yeas and nays.

There was not a sufficient second.

Mr. CURTIS. Mr. President, it would be my hope that we would not vote on this amendment tonight. It is unprinted and I am sure that most Senators have not had the opportunity to examine it.

This proposal was considered by the Committee on Finance and rejected. I feel very strongly that it is not a question of being for good and adequate, properly run, child care centers, or being against them. It is a question of where the responsibility should rest.

The amendment before us would perpetuate the regulation that has prevailed for the past several years. Without that amendment, the responsibility shifts to the States.

Mr. President, I believe that the concern of the States and State officials for children, for their health and safety, for their education and their nurture, is greater than that of the Federal Government.

That is true for many reasons. The State is closer to the parents. The State is closer to the children in the schools and the other problems.

Now, so long as we have Federal regulation, the objective of the States will be to do no more than is necessary to comply, in order to keep the money from being shut off.

I do not think that the great State of Massachusetts or the great State of New York, or my own State, or any other State, will be part of a program of running substandard child health care centers.

Mr. MONDALE. If the Senator will yield for a moment, he mentioned earlier that, in his judgment, he would prefer this amendment to be laid over to vote on tomorrow. If that is the Senator's intention, then I should like to ask the leadership whether, perhaps, we could agree on a time agreement to vote tomorrow. That is the reason why I interrupt the Senator at this point.

Mr. CURTIS. Very well.

Mr. MONDALE. Because I should like to make some other plans. Perhaps the Sergeant at Arms could ask Senators BYRD or LONG to come into the Chamber.

Mr. CURTIS. I think it would be helpful so that we would know what time we are expected to come in tomorrow. From all appearances, the completion of this bill will take quite a little time. There are a number of provisions adopted by the Finance Committee that many of us believe should have further attention, and there might very well be major amendments offered. It will do no particular harm to let this particular amendment go over.

Mr. President, in the absence of the presence of the distinguished chairman of the committee in the Chamber at this time, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MONDALE. Mr. President, I ask unanimous consent that the vote on the pending amendment take place at 12 noon tomorrow.

Mr. JAVITS. Before that request is acted on, may I ask the Senator to include in the request the fact that a quorum call may be called for before a vote?

Mr. MONDALE. I ask unanimous consent that the vote occur following the calling of a quorum.

Mr. JAVITS. I do not think it is necessary to mandate it, but just to have it clear.

Mr. MONDALE. I would be glad to modify my request accordingly, I make the unanimous consent request.

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

Mr. MONDALE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I am pleased to join Senator MONDALE, Senator BUCKLEY, Senator RIBICOFF, Senator CRANSTON, Senator HOLLINGS, Senator PACKWOOD, and Senator STAFFORD in this amendment to H.R. 3153, the "Social Security Amendments of 1973."

The purpose of our amendment is to insure that child care programs to be conducted under the new social services title of the Social Security Act meet existing minimum established Federal standards.

As Senators know, under the committee bill, the States and localities would henceforth be given considerable flexibility in formulating and conducting child care and other social services programs in such matters as eligibility, duration of programs and other basic elements.

We believe, however, that the area of comprehensive child care programs—affecting as it does our greatest resource—is one in which an exception should be made and the flexibility of States and localities should be subject to some Federal direction.

Under our amendment, the programs would have to meet the existing Federal "Interagency day care standards" which deal with such important matters in the case of "out of the home" care as student-teacher ratios, parental involvement, educational activities, and health and nutritional standards; with respect to "in home" care standards would have to be consistent with national standard setting organizations, such as the Child Welfare League.

The committee bill essentially leaves this matter completely up to the States; the HEW regulations, which this new authority would replace, merely provide generally for the Secretary to promulgate standards as to out of the home care; with respect to "in home" care, the States would have considerable leeway.

Mr. President, these same interagency standards were part of S. 2528, the social services amendments which I sponsored, along with Senator MONDALE and 34 others and with the support of the National Governors Conference—the Governors themselves.

The committee, while adopting the basic elements of that bill in its rewrite of the social services law, chose not to take that element.

But Congress has already on numerous occasions adopted them as a matter of legislative intent.

These standards, which were promulgated originally in 1968, were actually placed in the law just last September when they were made applicable to the Head Start program although the Economic Opportunity Act Amendments of 1972, which became law on September 19, 1972.

Previously, on June 21, 1972, these standards were adopted by the Senate as a part of S. 3617, the "Comprehensive Headstart, Child Development, and Family Services Act."

The standards are already applicable to a number of other federally funded day care programs, including programs under the Manpower Development and Training Act and the Elementary and Secondary Education Act.

Generally speaking, they were applicable to social services programs prior to the regulations.

Mr. President, it is not difficult to imagine the "horror stories" that may result if the States and localities are permitted to provide child care of any variety, without Federal standards, for the stories already exist.

Already, in the case of child care programs not subject to Federal standards, there have been some very horrendous situations; for example, as indicated in a 1972 report entitled "Windows on Day Care" by Mary Dublin Keyserling, a report based on findings of the National Council of Jewish Women, the following description, from a case study was set forth:

This is an abominable center. It was very crowded. In charge were several untrained high school girls. No adults present. No decent toys. Rat holes clearly visible. To keep discipline, the children were not allowed to talk. This mass custodial center couldn't have been much worse.

This center should be closed. It was absolutely filthy . . . broken equipment . . . broken windows . . . 2 children, aged 10 and 12, in charge. The kitchen was very dirty . . .

Very poor basement dark room. All ages together. Rigid control and discipline. Run-down equipment. This is a sad case of inhumane, dehumanizing of kids by an owner who makes plenty of money.

The risk of repeating these circumstances through the country in the absence of standards is increased by the fact that social services are to be under severe cost regulations as a result of the \$2.5 billion ceiling generally applicable and the \$1.9 billion ceiling for this fiscal year under the committee bill, compared with estimates nationwide of \$4.5 billion just 2 years ago.

We cannot take the chance that States may sacrifice quantity for quality.

Mr. President, in principle one would have thought that by now there would be complete bipartisan agreement on the need for having quality child care.

President Nixon, in commenting on child care provisions contained in his Family Assistance Act in 1969, said:

The child care I propose is more than custodial. This Administration is committed to a new emphasis on child development in the first five years of life. The day care that would be part of this plan would be of a quality that will help in the development of the child and provide for its health and safety, and would break the poverty cycle for the new generation.

The White House Conference on Children, conducted in December 1970 and attended by experts from all sections of the United States, voted that child care was the No. 1 priority for children, urged high standards for the programs, and then stated:

The question is not whether America "should" have day care, but rather whether the day care which we do have, and will have, will be good—good for the child, good for the family, and good for the nation.

The American Parents Committee, Inc., headed by George J. Hecht, a recognized leader in matters affecting children, stated in its February 1, 1973, "Legislative Goals on Behalf of Children":

The general principle that APC will work for is: all care provided children, whether supported totally or in part by Federal funds, shall meet the 1968 requirements, regardless of the place where such care is given or the auspices under which such care is given.

A wide variety of organizations concerned about children and families—including the American Academy of Pediatrics, the Child Welfare League of America, the National PTA, the UAW, the American Association of University Women, the National Council of Jewish Women, the National Association for the Education of Young Children, the Black Child Development Institute, and the National Child Day Care Association—are supporting this amendment.

Mr. President, it will undoubtedly be argued by some that to have these requirements will force "astronomical" costs in child care.

That argument has been made repeatedly in previous considerations of this very issue. But HEW estimates that these standards cost approximately \$400 per year for after school care and \$1,600 for full day care—hardly extravagant.

But what if it does raise costs? Can there be anyone here that would want the standards to be otherwise? As my colleague Senator BROOKE said so forcefully during the debate a little over a year ago on H.R. 1:

What are we talking about? We are not talking about cars and airplanes, airfare, and all those things that have been mentioned. We are talking about children, and we are talking about children in the most formative years of their lives, the preschool years.

Even those who would put things purely in cost effective terms would agree that, over the long run, it is the best investment that can be made.

Mr. President, it might be noted that in some cases the standards might operate as a minimum as well as a maximum, thus preventing a "gold plated" approach running to the other extreme where no standards applicable at all as under the committee bill; certainly in the field of education there have been some horrendous examples of excesses in physical plants occasioned by such leeway.

Moreover, it is important that we keep these programs consistent with one another and as I mentioned all of the present programs are now subject to these very same standards.

Mr. President, the question of comprehensive child development has been debated back and forth in this body. Many of us are still concerned that we continue to establish a comprehensive child care program. But the sad fact of the matter right now is that continuing what we have now without standards could perpetuate the kind of damage to children that the greatest opponents of comprehensive child care legislation fear.

I believe it is fair to say that this concern is what has prompted my colleague, Senator BUCKLEY, to take such a con-



structive role in this effort joining with us, as he has before.

Dr. Edward Zigler, former head of the Office of Child Development, a selfless public servant concerned with children, and now at Yale, sized up the situation well in an appearance before Senator MONDALE's subcommittee on Monday, September 24, 1973, in stating:

The point of this story is that, while this may not be the time for large new initiatives, it is certainly time for decision-makers to examine extant social policies and practices important to families so that we might at least correct those policies which are, at one extreme, thoughtless and uneconomical, and at the other, involve the government as a co-conspirator in the abuse of children.

Mr. President, the situation requiring this amendment arises, in my judgment, because of our deep interest in the future of the child as a person and as a working citizen, and a very strong effort to avoid the concept of custodial care or a kind of storing bodies of small children. I wish to identify myself with that point of view.

I hope very much that by maintaining these standards, our government will really strike a blow in the way of not abusing children by the fact that circumstances require the type of care which is dealt with in the social security amendments.

Mr. LONG. Mr. President, I regret that I find myself in a difference of opinion with my good friend, the distinguished and very able senior Senator from Minnesota (Mr. MONDALE). He has worked very diligently on this bill and has made an excellent contribution in the Nation's interest. I applaud his position on everything except this item. He has been statesmanlike, considerate, understanding, and right about everything except this item.

Mr. President, for sometime we on the Committee on Finance have had a different attitude about the child care problem from those on the Committee on Labor and Public Welfare. It has always been a tradition in the Committee on Finance that when we think of recommending something, we think in terms of what it will cost, and we usually think in terms of where we will find the money to pay for it. Other committees do not have the same burden, and it has sometimes been amusing to me. I have sat on the Committee on Foreign Relations and voted on a foreign aid bill and have felt that we had been so generous that we had given our friends abroad everything except the statue on top of the Capitol dome. Then I have seen Senators from the same committee walk across the Capitol Plaza to the Committee on Finance, where that committee would be voting on matters that involved benefits to various and sundry groups, and I have seen them proceed to be as tight as Dick's hatband and not vote for anything for anybody because it was going to cost money and they had the responsibility of raising the money.

This was an innocuous bill sent to us from the House, of little moment, and it has now been amended to increase the cost by billions of dollars, a great deal of money. We on the Finance Committee are anxious to do a great deal of good for

the poor of this Nation, the aged, the blind, the disabled; and we have not been niggardly in recommending a great deal for the people of this country. But here is where we reach a parting of the ways with some of our colleagues who have been more liberal on the day care issue than those of us on the Finance Committee.

We have seen those on the Committee on Labor and Public Welfare, on which the Senator from Minnesota serves, as well as others with clearly good intentions, propose day care programs far beyond the ability of this Nation to finance, in the opinion of the President, in the opinion of the Bureau of the Budget, and in the opinion of the executive branch generally. We have seen at least one measure of that sort, which would have cost many billions of dollars, go to the White House, be vetoed, and be sent back to us by the President, without our power to override the veto.

We have seen very ambitious programs of that sort proposed which cost many billions of dollars, only to see them fail. The approach of the Committee on Finance in the matter is that we recognize improvements of day care centers could cost \$10 billion a year. We do not see that we have the availability of that much money for that purpose when we compare it to all the other great needs of the country. The attitude has been that we would try to provide as much additional funds as we could find to go forward to provide better day care for children. That is about the same attitude we take with regard to the poor. We are providing tens of billions of dollars to help the poor and we would like to do more, but as much as we would like to do more, we realize there is a limit on the ability of taxpayers to pay for it.

Against that background, let us look at this amendment. We had a social services program. We had regulations proposed by the administration which the States felt were difficult or impossible to comply with. So we turned the States loose to use their own judgment in using social services funds, and limiting them only with regard to the amount of Federal money the Government would pay for these services.

It was agreed by the Senator from Minnesota (Mr. MONDALE) and others on the committee that the States should have the right to decide what kinds of things they are going to do and should have the freedom to do them quite differently from the way the Department of Health, Education and Welfare might recommend. But now, as an exception, the Senator from Minnesota would like to see Federal standards imposed on just one social service—day care.

And what Federal standard do they want to apply? They want to apply a standard which exists in name only, a standard with which States have been unable to comply with today and with which States will be unable to comply in the future.

The amount of money for social services will be limited. The amount of money for child care can only be a part of the \$2.5 billion we are making available for social services.

With whatever part the States may use

of this \$2.5 billion for day care, if they adopt these standards, this can only mean in State after State they will find it necessary to reduce the number of children for whom day care can be made available because the standards imposed in this amendment will be far beyond the ability of the States to provide it.

For example, I hold in my hand a table on State child care staffing requirements, which has been prepared by the staff of the Committee on Finance. This table shows the standards by State law for day care centers as effect in 1971. This is not too far out of date—there might be a few changes but not many. With regard to the number of adults that would be required for children ages 3 to 4, for example, the Mondale amendment would require about twice as many adults as State laws now require. State laws would generally require one adult for every 10 children in day care centers, while the Mondale amendment would require one adult for every five children. The amendment would require a doubling of staff, just to discuss one item.

Under the Federal standards, educational opportunities must be provided every child under the supervision and direction of a staff member trained or experienced in child growth and development.

What that requirement would mean as far as the States are concerned is that they would have to have a person in each of these day care centers that would have a right to make the same level of pay as schoolteachers in that State, and that would mean that where ordinarily they might be able to get by with a woman who had all the credentials of a very fine and thoughtful mother; they would now have to have someone to meet the standards and pay scale of a schoolteacher to care for these children.

I understand that standard, is the New York standard. As a matter of fact, Mr. Sugarman, who has been mentioned in this debate, told me he helped draft these regulations and I assume, this is more or less a New York standard. He finds that it costs more than \$2,400 a child to apply that standard in the State of New York.

According to this table only the States of New York and Rhode Island meet that standard of one adult per five children age 3 to 4.

We heard the discussion by the distinguished Senator from Massachusetts (Mr. BROOKE) with reference to children running in the streets and getting into a life of crime and developing bad habits. That is what happens when children run without any supervision or care and it is what happens when they are not in day care at all.

It would stand to reason that if this additional burden is to be placed on the States by being written into law and enforced on the States, rather than merely being a regulation that is not being observed, this would mean that States would be forced to reduce the number of children in day care centers because they are unable to hire the number of attendants for the day care centers. This means the children would, indeed, be running in the streets and getting

into bad habits, keeping bad company, and being in a bad environment—just what all of us seek to avoid.

Why should we remove large numbers of children from the day care centers by insisting on a standard that few, if any, States can meet?

The Senator said he spoke to virtually everyone who had any credentials or background in the day care area. I do not agree. I wish to quote, for example, from the committee report last year on H.R. 1. I wish to quote from the testimony of Prof. Carl Bereiter, who has devoted his career to the education of young children. In a paper presented at Johns Hopkins he said:

It appears that the main thing wrong with day care is that there is not enough of it and the main reason there is not enough of it is that it costs too much. At the same time, those who are professionally dedicated to advancing day care seem to be pressing continually to make it more costly by setting certification requirements for day care workers and by insisting that day care should be educational and not just high-quality institutionalized babysitting.

... Producing a measurable educational effect in young children is far from easy; ... it requires as serious a commitment to curriculum and teaching as does education in older children. I cannot imagine day care centers on a mass basis carrying out educational programs of the kind needed to produce measurable effect. If they cannot do so, then it will prove in the long run a tactical blunder to keep insisting that day care must be educational. Sooner or later those who pay for it will begin demanding to see evidence that educational benefits are being produced, and the evidence will not come forth.

It would seem to me much wiser to seek no more from day care than the sort of high quality custodial care that a child would receive in a well-run home, and to seek ways to achieve this level of care at a cost that would make it reasonable to provide it to all those who need it. One should not have to justify day care on grounds that it will make children do better in school any more than one should have to justify a hot lunch program that way.

Mr. President, we could have some disagreement and differences of opinion about how much it would cost to comply with the Senator's standard.

It appears to me that it would cost \$2,400 per child per year—as much money as the average welfare family of four may receive in the States of the Nation today.

But even if we take the word of the Senator from Minnesota (Mr. MONDALÉ) that it would cost \$1,600 a year to provide the care, it is still, for just one child, about \$200 a year more than the State of Louisiana is able to provide for a family of four. That is the standard that would be imposed on Louisiana, and that standard would cost more for a single child than it would cost for a family of four in the home. Louisiana simply could not afford to put children in day care centers with that standard. Nor could many other States.

At the present time the law in Louisiana requires, for children of ages 3 to 4, 1 attendant for every 14 children. It might be suggested that perhaps we should have a standard of 10 children per day care worker. That would mean

we would have to get one-third more day care workers. But the Senator wants us to provide three times as many attendants in each day care center than the law in Louisiana provides for now, if he could enforce what he wants to write into law. What he is seeking here, as far as the States are concerned, is so impractical that they have not been able to comply with it. So the matter has been the subject of deliberate avoidance or pretense that they do not know it is not being complied with, because it is a regulation with which the States are unable to comply.

The authority I have cited is not the only one who feels the same way. Here is a quotation from Gwen Morgan, child care consultant for the State of Massachusetts, a very enlightened State of the Union, explaining exactly the same type thing with regard to this problem.

I ask unanimous consent that that statement, as well as explanatory material, appear at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### PROBLEM OF WRITING STAFF-CHILD RATIOS INTO LAW

We would all agree that there should be enough people on the staff of a child care center to take care of the children. The Federal Interagency Day Care Requirements define what "enough" is in a very precise way: for 3 to 4 year-olds the ratio of children to adults must be no greater than 5 to 1, for 4 to 6 year-olds no greater than 7 to 1, and 6 to 14 year-olds no greater than 10 to 1. Presumably, Federal funds would be lost if these ratios were exceeded.

Yet very few experts if called upon would be willing to say that these ratios would be necessary in all situations. Gwen Morgan, Child Care Consultant to the State of Massachusetts, has pointed out some of the problems of using this kind of arbitrary standard. She says:

"Traditional approaches have been to use an arbitrary figure for the staff-child ratio for an age peer group. This does not take into account a number of factors which would affect the staff-child ratio upward or downward in writing requirements. For example, the needed adult-child ratio is affected by (1) the fact that children are not necessarily going to be in groups all the same age; (2) the time of day and type of activity; (3) the size of the center. It is easier to do a good job in a small center where everybody knows each other well, with fewer staff than might be needed in a center of more than 100 children; (4) the number of children in the program who have some special need; (5) the type of program; for example, drop-in centers may require more staff; (6) the involvement of parents and the community.

"In addition to all of those variables which might affect staff-child ratio, and more important than any of the others, is the abilities of the staff. The staff-child ratio needed varies with the experience and skills of the teacher. A skillful teacher can create an atmosphere in which the children themselves are encouraged to relate well to one another and contribute to one another's growth. One good teacher can create this kind of group with ten children, if the center is organized well. Superior teachers might even go beyond this. Some programs will wish to use all skilled teachers, and licensing requirements should not inhibit them from doing this."

A look at the present State licensing requirements should give some indication of the lack of consensus that exists in this

area—they presently vary a great deal in what is required for licensing of programs within the various States.

Perhaps some day the experts can agree on what the perfect adult-child ratio is, but in the meantime there should be room both for experimentation and responsiveness to local needs and situations.

Mr. LONG. Here is a statement from Dr. Edward Zigler, former Director of the Office of Child Development of the Department of Health, Education, and Welfare, dealing with the question of requiring that day care be educational.

I ask unanimous consent that it appear in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Learning is an inherent feature of being a human being. The only meaningful question, therefore, is not "Why do children learn?" but, "Why is it that some children do not learn?" Approached in this way, the problem is not one of getting intelligence into nonlearners but rather of determining the conditions and attitudes that interfere with the natural process of learning. We are all aware that children learned before cognitive theorists told us how and before the invention of talking typewriters. Indeed, children learned before schools of any sort existed. How could this learning have been possible without the formal programing of experiences which we have come to associate with the formal educational process? The answer, I think, is that in his natural state the child is a much more autonomous learner than adherents of the pressure-cooker approach would believe. I am convinced the child does most of his learning on his own and often the way to maximize it is simply to let him alone. He accomplishes some of the most significant learning in his every day interaction with his environment. Learning for the child is, thus, a continuous process and not one limited to the formal instruction and whizbang remedial efforts that have recently captured our attention. . . . Whatever the nature of cognitive development might be, such development has been overemphasized in our current society.

Mr. LONG. Mr. President, I ask unanimous consent to place in the RECORD at this point a statement of the major features of the Federal interagency day care requirements.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### MAJOR FEATURES OF FEDERAL INTER-AGENCY DAY CARE REQUIREMENTS

1. State and local licensing:
  - All facilities must be licensed under applicable State and local licensing laws; Federal regulations are in addition to State and local requirements.
2. Staffing requirements:
  - a. Child care center:
    - Not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 10 children age 6 through 14 per adult.
  - b. Home child care:
    - Generally, not more than 6 children per adult.
3. Staff qualifications:
  - Must meet State requirements; all staff must receive continuous in-service training in child development; nonprofessional staff must be given career progression opportunities.
4. Safety:
  - Meets State and local requirements.
5. Health:

General requirements of sanitation and public health measures.

6. Education:

Educational opportunities must be provided every child under the supervision and direction of a staff member trained or experienced in child growth and development.

7. Social services:

Provision must be made for social services under the supervision of a staff member trained or experienced in the field.

8. Parent involvement:

Parents must be provided opportunities to work with the child care program and to observe their children in the facility; whenever an agency provides child care for 40 or more children, there must be a policy advisory committee (with at least 50 percent parents or parent representatives selected by the parents in a democratic fashion) which assist in the development of child care programs, participate in the selection of program directors and staff, and are otherwise involved in the administration of child care programs.

Mr. LONG. Mr. President, I ask unanimous consent to place in the Record a chart demonstrating that, with regard to the minimum staffing requirements of State laws, very few States in the Union have been able to comply with those standards.

There being no objection, the chart was ordered to be printed in the Record, as follows:

CHILD CARE CENTERS: MINIMUM STAFFING REQUIREMENTS, BY AGE OF CHILDREN, UNDER STATE LICENSING REGULATIONS

	Maximum number of children per staff member <sup>1</sup> if age of children is—						Minimum number of adults on premises	Maximum number of children per staff member <sup>1</sup> if age of children is—						Minimum number of adults on premises		
	under 2	2 to 3	3 to 4	4 to 5	5 to 6	School age		under 2	2 to 3	3 to 4	4 to 5	5 to 6	School age			
Alabama.....	5	5	10	20	20	25	2	Montana.....	(9)	15	15	20	25	25	2	
Alaska.....	5	5	10	10	10	10	2	Nebraska.....	(9)	(10)	7	7	7	12	1	
Arizona.....	10	10	15	20	25	25	3	Nevada.....	2	10	10	10	10	15	1	
Arkansas.....	4	6	10	10	10	(9)	6	New Hampshire.....	(9)	(10)	(9)	(9)	(9)	(9)	2	
California.....	(9)	12	12	12	12	12	1	New Jersey.....	(9)	(9)	(9)	(9)	(9)	(9)	1	
Colorado.....	(9)	7	10	12	15	15	2	New Mexico.....	10	15	15	15	15	(9)	1	
Connecticut.....	4	4	7	9	9	12	2	New York.....	5	5	5	7	7	10	1	
Delaware.....	15	15	15	20	20	25	1	North Carolina.....	8	12	15	20	25	30	1	
District of Columbia.....	10	10	10	10	10	(11)	11	North Dakota.....	3	5	10	10	12	12	2	
Florida.....	5	10	10	10	10	15	2	Ohio.....	10	10	15	15	20	20	2	
Georgia.....	10	10	15	18	20	25	2	Oklahoma.....	20	6	8	12	15	15	20	1
Hawaii.....	(9)	10	15	20	25	25	1	Oregon.....	10	10	10	10	10	10	1	
Idaho.....	(9)	10	10	10	10	10	10	Pennsylvania.....	(9)	(10)	8	10	10	13	2	
Illinois.....	6	8	10	14	10	25	25	Rhode Island.....	(9)	(10)	5	8	13	(9)	1	
Indiana.....	(9)	(10)	10	12	15	20	2	South Carolina.....	6	8	10	14	15	15	2	
Iowa.....	(9)	6	12	15	18	25	1	South Dakota.....	8	8	8	12	18	25	1	
Kansas.....	(9)	(10)	12	16	16	16	16	Tennessee.....	(9)	10	10	15	25	30	1	
Kentucky.....	6	8	10	12	15	15	2	Texas.....	4	8	12	15	18	25	2	
Louisiana.....	10	14	14	14	14	14	14	Utah.....	(9)	10	15	15	20	25	2	
Maine.....	(9)	7	8	10	15	18	20	Vermont.....	2	6-8	6-8	6-8	6-8	(9)	2	
Maryland.....	(9)	(9)	(9)	(9)	(9)	(9)	2	Virginia.....	3	10	10	10	10	10	2	
Massachusetts.....	(9)	(10)	10	10	15	15	2	Washington.....	(9)	7	10	10	10	10	3	
Michigan.....	(9)	7	10	10	12	20	(9)	West Virginia.....	(9)	8	10	15	18	20	1	
Minnesota.....	10	10	10	10	10	10	1	Wisconsin.....	20	4	8	10	12	16	16	2
Mississippi.....	(9)	8	10	15	20	25	2	Wyoming.....	(9)	(10)	10	15	20	(9)	1	
Missouri.....	(9)	(14)	10	10	15	15	2									

<sup>1</sup> Includes only persons providing child care; when there is a mixture of ages, the ratio for the youngest child is generally applicable.  
<sup>2</sup> Children under age 3 must be in separate facilities.  
<sup>3</sup> When the number of children exceeds 10.  
<sup>4</sup> Not specified under licensing requirements.  
<sup>5</sup> When the number of children exceeds 10, during peak hours of the day.  
<sup>6</sup> Children under 2 generally may not be accepted.  
<sup>7</sup> Ages 2½ to 3. Children 2 to 2½ generally may not be accepted.  
<sup>8</sup> 5, if children are under 1.  
<sup>9</sup> 8, if children are under 2½.  
<sup>10</sup> 6, if children are under 1½.  
<sup>11</sup> 2, when there are at least 10 children of school age.  
<sup>12</sup> 7, if children are under 1½.  
<sup>13</sup> 2 if possible.  
<sup>14</sup> If full day; 20, if half day.

<sup>15</sup> Children under 3 generally may not be accepted.  
<sup>16</sup> Licensing not required; standards relate to voluntary certification by State Department of Public Welfare. For Mississippi, ratios apply to number of children enrolled.  
<sup>17</sup> 4, if children are under 1½.  
<sup>18</sup> 2, if more than 6 children under age 3.  
<sup>19</sup> 8, if children are under 1½.  
<sup>20</sup> 4, if infants in cribs.  
<sup>21</sup> 2d adult must be available in case of emergency.  
<sup>22</sup> Under proposed regulations.  
<sup>23</sup> 3, if children are under 1.  
<sup>24</sup> 6, if children are under 2½.  
<sup>25</sup> When the number of children exceeds 9.

Source: Based on material submitted to Office of Economic Opportunity.

Mr. LONG. Mr. President, I point out that the best thing that can be said for the Senator's amendment is that at least in two categories the Senator would rely upon State laws. With regard to State and local licensing, he would follow State laws, and with regard to safety requirements, he would follow State laws. At least to that extent we are in agreement.

All I am saying is that I would be happy to agree with the Senator if he would merely say the States would have to comply with State laws. But to set a standard that, according to my best information, only two States are complying with, if that many, is really more than I think we have a right to expect.

Mr. President, what has been accomplished so far in the effort to reach the millennium in one quick jump in the day care area has been utter frustration. Those who wanted a big new program sent a bill to the President. It was vetoed. There were not enough votes to override the veto. We on the Finance Committee proposed a Federal day care corporation and to make \$800 million available to do as much as could be done under proper conditions of day care, adding to that what was already available. The Sen-

ator and those who agreed with his position voted to strike from that bill the Federal child care corporation because it did not contain these kinds of standards. So the result was nothing—not one red, copper cent being added for day care. Instead of getting another \$800 million for the benefit of little children, in H.R. 1, we got zero, which was a rather unfortunate result for those of us who wanted to move forward with the bettering and improving of conditions for children.

I would submit that as to the amendment that the Senator from Minnesota sponsored and that which he recommended to the committee, saying that the States should be accorded the freedom to set their own social services programs, and do as much as they could with the amount of money available, with a minimum of Federal interference of that character, he was right when he submitted it, he was right when he urged it, and he was right when he voted for it. The only point on which the Senator was in error was the matter which I know is closest to his heart, when he said that in everything except day care the State should have the privilege of spend-

ing the money as they deemed advisable. But in this area it is very obvious that the outside hand of the Federal Government will reach in and dictate a standard that cannot be followed, and with which the States have been unable to comply. It is, to me, an unfortunate thing for those of us who favor day care, and want to do as much as we can for it, to find ourselves repeatedly frustrated by the effort to insist on something that costs so much that it results in nothing happening, and in the Senate being unable to provide larger amounts of funds for the purpose, leaving to the States and to those who have the responsibility, the power, the capability, and the freedom to do just as much as they can for as many people as they are able to help with the amount of money we are able to make available.

I hope very much that when this amendment is voted on tomorrow, the Senate will not see fit to try to make an exception in the day care area which it does not make in any of the other areas of social services; that it will not try to impose a Federal standard here. I hope so particularly in view of the fact that this is one area where the Federal stand-

ard, which the States have been unable to comply with, would be one which the States would not be able to comply with using the funds available at present for that purposes.

I submit that these impossible types of standards have been passed by the Senate on other occasions. Whenever that happens, it results in suffering by day care, because no other funds are made available for the purpose.

I hope very much that the Senate will see fit to be practical and prudent, and will move as we have urged. We should move toward a higher standard that we can afford, rather than to impose a standard which cannot be met and which can only be met with frustration on the part of those opposed, who realize it is a practical problem, and that we can only do as much as we can with the money we are able to extract from the taxpayers for this purpose.

#### THE MINIMUM TAX

Mr. KENNEDY. Mr. President, at an appropriate time, I intend to call up, on behalf of Senator NELSON and myself, a tax reform amendment to H.R. 3153, to improve the minimum tax in the Internal Revenue Code. The minimum tax was the imaginative measure adopted by Congress in 1969 as a means of insuring that wealthy individuals and corporations did not escape their fair share of taxes through excessive use of tax loopholes. Unfortunately, however, because of certain crippling amendments adopted on the Senate floor, the minimum tax has not achieved its goal.

Over the past 4 years, both Senator NELSON and I have worked toward closing the loopholes in the minimum tax. Last year, in two major efforts on the Senate floor in 1972, Senator NELSON made outstanding efforts to reform the minimum tax. And only last June, by the narrow margin of 49 to 47, our reform proposal was defeated on the Senate floor. The amendment we plan to offer tomorrow is identical to the one we offered in June, and we hope that this time it will be successful.

At an appropriate time, as well, Senator NELSON plans to offer a tax reform amendment to delete the provision in the committee bill that eliminates the gasoline tax deduction. Previously, Senator NELSON had proposed an amendment to the bill by which the revenue effect caused by deleting the committee provision could be almost exactly offset by including the minimum tax amendment. I support Senator NELSON's position on the gasoline tax deduction, because, whatever the merits of eliminating the deduction as a tax reform concept, it would be unjustified to do so at this time of rumored astronomical increases in the gasoline tax. And so, I urge the Senate to support both of the amendments we shall offer.

Mr. NELSON. Mr. President, tomorrow the Senator from Massachusetts (Mr. KENNEDY) and I shall call up an amendment to H.R. 3153 as amended by the Senate Finance Committee which would restore the present deduction allowed for State and local gasoline taxes, proposed to be eliminated by the com-

mittee, and offer in its stead a revision of the minimum tax which would disallow deductions for regular income taxes paid before preferred income is subject to the minimum tax. Whatever the merits of the proposed elimination of the deduction for State and local gasoline taxes, this proposal was not subject to any testimony or hearings before the Senate Finance Committee this year and was proposed by the committee principally as a revenue producing measure to pay for other proposed changes contained in H.R. 3153.

The revenue effect of these two amendments is almost identical. It is estimated that the revision of the minimum tax will increase tax revenue by \$580 million whereas elimination of the State and local gasoline tax deduction will increase revenues by \$589 million. While their revenue effects are the same, the consequences for the ordinary American taxpayer are radically different. The minimum tax, even with the revisions we propose today, applies only to wealthy individuals who have more than \$30,000 in preferred income each year, regardless of how much regular income they also have. The State and local gasoline tax deduction, on the other hand, is of benefit to low-income Americans. The gasoline tax helps workers to pay some of the cost of traveling to work.

Mr. President, I ask unanimous consent to insert in the Record at this time a table showing the amount of deductions taken in 1972 for State and local gasoline taxes for various income tax brackets.

There being no objection, the table was ordered to be printed in the Record, as follows:

#### Income tax deductions taken for State and local gasoline taxes

[Amount of deduction—in millions]	
Income tax bracket	
\$0-\$3,000	1
\$3,000-\$5,000	7
\$5,000-\$7,000	27
\$7,000-\$10,000	83
\$10,000-\$15,000	165
\$15,000-\$20,000	138
\$20,000-\$50,000	147
\$50,000-\$100,000	19
\$100,000-over	6

Mr. NELSON. Mr. President, this table shows that individuals with taxable income of \$20,000 or less receive the benefit of \$419 million of the \$589 million deducted for State and local gasoline tax. This amounts to 71.1 percent of the total amount deducted.

The committee proposal would, therefore add substantially to the tax burden of low- and average-income taxpayers. It is much more equitable to raise additional revenues by taxing income which escapes taxation entirely rather than adding to the tax burden of middle-income Americans.

Probably nothing discredits the tax system more than the knowledge that many wealthy people are paying little or no income taxes. The Secretary of the Treasury heralded a "taxpayer revolt" when he disclosed that in 1967, 155 Americans with incomes of over \$200,000 paid no Federal income tax and in fact 21 of them made incomes in excess of

\$1 million each. In 1969, some 300 individuals with incomes of more than \$200,000 paid no Federal income tax.

In an attempt to correct, to a limited extent, this inequity Congress in 1969 established a minimum tax providing for a flat 10-percent 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 not at all inconsistent to take the position that while certain tax subsidies may be desirable, a taxpayer who takes advantage of such subsidies in an excessive amount or who reduces his tax contribution to an insignificant amount should be required to include such excess in his tax base. The purpose of this amendment is not to reduce the amount of the tax subsidies except in those cases in which taxpayers take undue advantage of such subsidies through excessive manipulation of the tax code.

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.

In 1970, the first year when the minimum tax was in effect, 106 individuals with adjusted gross incomes exceeding \$200,000 still paid no Federal income tax. Incredibly, three taxpayers with adjusted gross incomes of more than \$1 million each paid no income tax at all. In 1971, 276 taxpayers with incomes over \$100,000 paid no Federal income tax at all.

The effective tax rate in 1970 for individuals who paid the minimum tax on their preferred income was 4 percent rather than the statutory rate of 10 percent. In 1971, individuals paid \$163 million in minimum tax on total preference income of \$6.2 billion for an overall effective tax rate of 2.63 percent and 98,000 individuals reported tax preferences but only 24,000 of them actually paid a minimum tax on their preference income for an effective rate of 4.13 percent.

In 1970, 6,000 corporations paid \$280 million in minimum tax on preference income of \$4.1 billion for an effective rate of 6.7 percent; 75,000 corporations, however, paid no minimum tax on preference income of \$1.6 billion for an overall effective minimum tax rate of 4.8 percent.

When the minimum tax was enacted, it was estimated that it would raise \$590 million in calendar-year 1970, \$600 million in 1972, and \$635 million in the long run. In fact, actual revenue gains are far below these estimates. In 1970, it raised only \$117 million from individuals and \$280 million from corporations. In 1971, it raised only \$163 million from individuals.

It can be argued that the minimum tax failed to raise estimated revenues because of the volatile nature of capital gains. While unquestionably the minimum tax on individuals falls most

heavily on capital gains and therefore its revenue would be effected by the volatile nature of capital gains; this does not mitigate the fact that the deduction for income taxes paid obviously reduce the effectiveness and the revenue gained from the minimum tax. For example, in 1970, for individuals the aggregate figure of total regular taxes that could have been deducted before payment of the minimum tax was \$2,629,467,000.

Although there were several different minimum tax proposals submitted to Congress, the one finally adopted was that of the Senate Finance Committee which applied a flat 5-percent tax rate on all preference income in excess of \$30,000. The Finance Committee bill was amended on the Senate floor by an amendment offered by Senator MILLER of Iowa to raise the rate from 5 percent to 10 percent and to allow a deduction of other Federal taxes paid. A year later, in December 1970, a further floor amendment by Senator MILLER, was passed under which this minimum tax exclusion was broadened to incorporate a 7-year carryover of regular income tax liability to the extent not initially utilized to offset tax preferences. It is this deduction of other Federal taxes paid that this amendment would eliminate.

I completely support proper and orderly legislative process but it should be noted that provisions for deduction for income tax paid, which this amendment seeks to remove, were themselves not subject to the normal legislative procedure. No hearings were held, no witnesses were heard, no staff investigation made or committee report filed on these amendments. The amendments allowing for the deduction of Federal income taxes paid and for the 7-year carryover were never considered by any tax-writing committee, but were added by amendments on the Senate floor with little debate as to their merit or effect.

Senator MILLER's first amendment was offered December 10, 1969, to the Tax Reform Act of 1969.

Senator MILLER's principal arguments were that his amendment, by raising the statutory rate from 5 percent to 10 percent, would be more equitable and that it would raise more revenue. As Senator MILLER stated at that time:

Mr. President, I think the proposition before the Senate is very simple. Are we going to be satisfied with the application of the pending bill to those taxpayers who are paying no tax, for example, by taxing them only 5 percent on their tax preferences, or do we want to do a better job, a more equitable job?

My amendment will tax them to the extent of 10 percent. I would like to see this bill do more equity than it is doing now. I do not think anybody in the Senate could be proud of going before the American people and saying, "the best we could do with people not paying taxes is to nip them 5 percent."

I think we could hold our heads higher if we set it at ten percent.

I am very pleased to tell the Senators that, whereas, under the pending bill the minimum tax would pick up \$700 million additional revenue, my amendment would pick up \$740 million.

My amendment does equity. It makes sure that those who are not paying any taxes at all will have to pay at least 10 percent of

their tax preferences, and it will bring added revenue into the Treasury compared with what the tax bill does.

As I indicated above, in fact, the minimum tax's effective rate was really only 2.63 percent and its revenue yield was \$163 million for individuals in 1971.

On December 18, 1970, Senator MILLER offered on the floor, an amendment to H.R. 17473, a bill to extend the period for filing certain manufacturer's claims for floor stock refunds under Section 209(b) of the Excise Tax Reduction Act of 1965. No questions were asked and the amendment was accepted by voice vote. The conference report on this bill was discussed on December 22, with Senator MILLER expressing his unhappiness that his amendment had been dropped.

On December 29, Senator MILLER offered the same amendment to the Excise, Estate and Gift Tax Adjustment Act of 1970 which as modified became law. Both times Senator MILLER's amendment provided for 3-year carryback and a 5-year carry forward. This approach was opposed because of its complexity and because it would require some refunds. The amendment as finally adopted provided for a simple 7-year carry forward as was discussed in the conference report on this bill on December 31, 1970.

It is, therefore, hardly defensible to argue that these amendments, adopted on the Senate floor with so little consideration, can only be repealed by the most formal and laborious legislative procedure.

The basic rationale for the minimum tax is that it is needed because certain taxpayers have amassed certain items of income which are not included in their regular tax base. The minimum tax addresses itself not to individuals who have escaped taxes, but to large sources of preference income. Even with the most rigorous enforcement of the minimum tax there will still be wealthy individuals who would escape taxes. Furthermore, concentration on the few wealthy individuals who pay no taxes at all diverts attention to a much graver problem of a scandalously low tax rate for many wealthy individuals on their preferred income. For example, in 1971, 98,000 individuals reported tax preferences totalling \$6.2 billion but the effective tax on preferred income was 2.63 percent. These excluded items stand apart from, and in addition to, the items normally taxed. The reason the taxpayer is subjected 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.

The proposed amendment does not in any way change the structure or composition of the present minimum tax. It does not:

First, change or raise the statutory rate of 10 percent;

Second, reduce or eliminate the deduction of \$30,000 presently available to every taxpayer before calculating income subject to the minimum tax;

Third, add a single new item of preference income to the base of the minimum tax, for example, intangible drilling and development cost as has been proposed from time to time.

This amendment merely tries to guarantee that the minimum tax achieve its stated goal and raise additional revenue not by taxing already overburdened average American taxpayers but by taxing forms of incomes that escape taxation entirely.

Mr. President, I ask unanimous consent to insert in the RECORD at this time three case examples of how the minimum tax presently works and how it would apply under this amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### THREE CASE EXAMPLES

The following are illustrations of the effect of disallowing a deduction for regular income taxes under the minimum income tax, with details of tax computations included. All examples assume a joint return, four personal exemptions and itemized deductions at 10% of total income.

Case I—An individual with a \$60,000 salary and a \$60,000 capital gain.

\$50,000 of the capital gain would be taxed under the alternative tax of 25% for a tax liability of \$12,500. One half of the remaining \$10,000 capital gain would be included in regular income.

#### Computation of regular tax liability:

Salary .....	\$60,000
Plus capital gain .....	60,000
Equals .....	120,000
Minus (itemized deduction) .....	12,000
Equals .....	108,000
Minus (Four personal exemptions of \$750) .....	3,000
Equals (taxable income) .....	105,000
Tax liability from table .....	17,060
Plus alternative tax .....	12,500
Equals (regular tax liability) .....	29,560

#### Minimum tax computation:

Preference income .....	30,000
Minus (exemption) .....	30,000
Equals (minimum tax) .....	0

Minimum tax liability under amendment—none.

Case II—An individual with a salary of \$200,000 other regular income of \$400,000 and a capital gain of \$1,000,000.

\$50,000 of capital gain would be taxed under the alternative tax, for a liability of \$12,500. For the remaining \$950,000, \$475,000 would be included in regular income.

#### Computation of regular tax liability:

Salary .....	\$200,000
Plus other income .....	400,000
Plus capital gain .....	1,000,000
Equals (adjusted gross income) .....	1,600,000
Minus (itemized deductions) .....	160,000
Equals .....	1,440,000
Minus (4 personal exemptions of \$750) .....	3,000
Equals (taxable income) .....	1,437,000

Tax from table.....	\$609,000
Plus alternative tax.....	12,500

Equals (regular tax liability) .....	621,880
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Computation of current minimum tax liability:

Preference income.....	500,000
Minus exemptions.....	30,000

Equals .....	470,000
Minus regular tax.....	621,880

Equals (no minimum tax) .....	0
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Computation of minimum tax liability under amendment:

Preference income.....	500,000
Minus exemption.....	30,000

Equals .....	470,000
Times a 10 percent tax equals (minimum tax).....	47,000

Case III—An individual with a salary of \$300,000, other regular income of \$600,000 and a capital gain of \$2,000,000.

\$50,000 of capital gain would be taxed under the alternative tax for a liability of \$12,000. For the remaining \$1,950,000 one half would be included in regular income.

Computation of regular tax liability:

Salary .....	\$300,000
Plus other income.....	600,000
Plus capital gain.....	975,000

Equals (adjusted gross income) .....	1,875,000
Minus (itemized deductions) ..	290,000

Equals .....	1,585,000
Minus (4 personal exemptions of \$750).....	3,000

Equals (taxable income) ..	1,582,000
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Tax from table.....	1,078,380
Plus alternative tax.....	12,500

Equals (regular tax liability) .....	1,090,880
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Computation of current minimum tax liability:

Preference income.....	1,000,000
Minus exemption.....	30,000

Equals .....	970,000
Minus regular tax.....	1,190,880
Equals (no minimum tax) ..	0

Computation of minimum tax liability under amendment:

Preference income.....	1,000,000
Minus exemption.....	30,000

Equals .....	970,000
Times a 10 percent tax equals (minimum tax liability).....	97,000

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Without objection, it is so ordered.

ing debate and consideration of this measure.

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

Mr. TAFT. Mr. President, I ask unanimous consent that Rod Solomon be given the privilege of the floor during debate and consideration and the vote on this legislation.

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

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MONDALE. Mr. President, I ask unanimous consent that I may modify my amendment.

When that request is granted, I will describe my modifications.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered. The amendment is so modified.

Will the Senator please send his modification to the desk?

Mr. MONDALE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. DOMINICK. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard and the clerk will state the amendment.

The assistant legislative clerk read as follows:

At the appropriate place in the bill, insert the following new section:

Sec. . Title IV-A of the Social Security Act is amended by adding at the end thereof the following new section:

"CHILD CARE STANDARDS

"SEC. . Child day care services provided under the Social Security Act shall meet the following standards: (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations (such as the Child Welfare League of America and the National Council of Homemaker-Home Health Aid Services), and (2) out-of-home day care facilities shall be licensed by the State or approved as meeting the standards for such licensing, and shall comply with the requirements of section 422(a) (1) of the Social Security Act and the provisions of the Federal Interagency Day Care Requirements of 1968, and provided that subdivision III of such requirements with respect to educational services shall be recommended to the States and not required, and that staffing standards for children aged ten and above in day-care centers may be revised by the Secretary, provided that for children ten to fourteen such standards shall in no case require fewer than one adult to twenty children, and for school-aged children nine and less years of age shall in no case require fewer than one adult to fifteen children.

Mr. MONDALE. Mr. President—  
The PRESIDING OFFICER. The

Chair will state that there is no time for debate on this amendment. The time for the vote has arrived.

Mr. MONDALE. Mr. President, I ask unanimous consent for 2 minutes on the amendment, because I think this compromise now takes away all or most of the controversy.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, may I have 2 minutes?

Mr. MONDALE. I ask for 4 minutes, and I would like 2 of them.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. Mr. President, I have talked with the distinguished floor manager, and I have made two changes in the pending amendment which I believe makes the amendment, as revised, acceptable to the chairman of the Finance Committee.

The first change would be to recommend to the States that day care programs include an educational component, but not to require that the States provide an educational component. Right now, the standards require it.

Second, we say that for school age children in after-hours day care centers, the staff ratios could be changed from what the day care standards now require. Under the modification, for children age 9 and below in day care centers, you could have 1 staff person for 15, whereas you must now have 1 staff person for 10; and for children over 9, you could have a staff ratio of 1 adult to 20, whereas the present regulations require 1 staff person for 10.

In a sense, we go a substantial way toward meeting the criticisms of our amendment by the distinguished chairman of the Finance Committee, and I hope that, as revised, it might have the support of the chairman.

Mr. CURTIS. Mr. President, I think we should have our attention called to the fact that we are running far ahead in legislating. If a community wants to admit one more child to a day care center, they have to get an act of Congress to do it.

By the Senator's proposal, we do not delegate to the Secretary the authority to lay down regulations for the conduct of day care. We fix into law how many teachers or supervisors or custodians shall be required.

The time may come when some Senators will receive letters asking them to amend the law so that a day care center can take in one more child.

Mr. President, this is not a proper subject of legislation. The issue is, shall the regulations on day care be handled by the Federal Government or by the States? I happen to believe that it should be by the States. But to those who believe that it should be done by the Federal Government, I submit that the amended amendment is worse than the amendment itself. I think it should be defeated and that time should be given for it to be revised again.

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

AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate resumed the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on the Mondale amendment be delayed an additional 5 minutes.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum—Mr. President, I withhold that request.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Louise Ringwald be given the privileges of the floor dur-

Mr. MONDALE. I yield.

The PRESIDING OFFICER. There is no further time.

Mr. LONG. Mr. President, I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I believe that the vote on this amendment will be close, unless there is a compromise or agreement, and it is difficult to say how the Senate decision will go. I think the Senator's proposal is a fair compromise.

The Senator's amendment, as modified, would rely upon State law in several situations. In the health area, it would provide for the general requirements for sanitation and public health which are in existing State laws. The original amendment provides that provision must be made for education services under the supervision of a staff member trained or experienced in the field. But the modification, I think, would place the staffing requirements within the limits that the State could manage.

I discussed this matter and explained yesterday that with regard to small children, the amendment as first offered could double or even triple the staffing requirements, and the Senator has agreed to change that, in a spirit of compromise. He has modified his amendment so that in the area of school-age children it would present a problem for only 16 States. I think the States can comply with the modification.

It seems to me that in view of the fact that there is a strong degree of support for the amendment, this is a good compromise. I do not think any of us could expect to have our way entirely in these matters. The Senator certainly does not expect to have his way in all respects in taking the position he is offering here. I think we would be well advised to meet him halfway on it.

Mr. HOLLINGS. Mr. President, as a cosponsor of this amendment, I rise to support it and urge its adoption. I listened with interest yesterday to the debate surrounding this proposal, and I would now respond to the criticisms raised.

The opponents of this amendment say that it will cost too much. But the question of cost for social services has already been settled, by the members of the Finance Committee, including the opponents of this amendment. This committee and the Senate as a whole has set a ceiling on the amount of Federal dollars which can be expended for social services. Hence, we are not talking about a cost to the Federal Government or to the American taxpayer. What we are talking about here is how this money should be spent. Are we fashioning the program whereby children can receive the kind of care which they need in an institutional setting? Certainly that is the case.

The question is what are the minimal amounts which need to be spent in order to guarantee that the children will receive the kinds of services and the quality of care to which they are entitled? Obviously, to do something right takes more money than to do it halfway or inadequately. We have a responsibility

to the parents who need these day care centers to insure that when they entrust their children to the care of a facility funded with Federal dollars it will meet certain minimum standards of care. As the proponents of the amendment have repeatedly pointed out, the standards to which we are now addressing ourselves have been in effect since 1968 and were promulgated after consultation with all groups having expertise in the area of child care. Hence, they reflect what the experts feel children need in order to receive proper care.

Opponents of the amendment also contend that the Federal Government cannot and should not set standards in this area and that rather, the States have the authority and responsibility to set the standards for child care centers. This argument ignores the obvious fact that Congress has on many occasions initiated standards directed toward assuring the safety and well-being of our children. I would cite only a few examples such as the Flammable Fabrics Act, which required the children's nightwear meet certain standards of flammability, the food and drug laws which protect the quality of food and medicines which our children consume, and the recently created Product Safety Commission which is directed to set standards for the safety of toys so that our children will not be injured and killed as a result of unsafe toys.

It is Congress which has set the goal, through the social services program, to establish and maintain, with Federal funds, day care centers in order to encourage families to break the welfare cycle. By giving their children a wholesome place to stay during the day, we hope to encourage the mothers to get off of welfare and begin to earn a living for their family or to supplement the marginal income of her husband so that the family can lift itself up. Since we have undertaken this task, we have a responsibility to these families and to their children of insuring that the task is done properly. We must see that the children receive the best possible care. We are not asking for gold-plated care; we do not want one "nanny" for each child, but any mother with three or four youngsters knows the demands that they make, and to ask, for example, that there be one adult to care for each five or six children of 1 to 2 years of age is certainly not extravagant. Understaffed centers, poor sanitation, inadequate heating or lighting, dangerous facilities are certainly not situations which we want to tolerate or perpetuate with the Federal dollar. With inadequate facilities, we can do positive harm to these young children. With adequate facilities, we can do positive good.

We have, therefore, a responsibility to insure that the program is carried out in a meaningful, responsible manner. By keeping in effect the Federal standards that were set in 1968, we are assuming that responsibility and guaranteeing the quality of care that our children deserve. If we were in fact treading on the States' toes, we would certainly hear the opposition of the Governors of the States. With respect to this amendment, Mr. President, the opposite is true, namely,

the National Governors' Conference has endorsed these standards, as a part of the social services amendments introduced in October, S. 2528. In addition the standards have been thrice adopted by the Senate.

My colleague from New York (Mr. BUCKLEY) has put this amendment in its most precise perspective. He contends, and I think rightly so, that regardless of your opinion concerning day care centers, if we are in fact going to fund such centers through a Federal program, we have a responsibility to the recipients of this Federal aid, the low income children, to see that the Federal aid is distributed in a safe, healthy and proper manner. This is all the standards do. It is a commendable goal, and I urge my colleagues to again approve its adoption.

Mr. ROTH. Mr. President, I called Dr. Miklos T. Lazar, director of Social Services Division, Health and Social Services Department, State of Delaware, for his comments on the proposed amendment. Dr. Lazar advised me as follows:

The State of Delaware favors retention of the 1968 Federal Interagency Day Care Requirements with some adaptations. The Federal Interagency Day Care Requirements provide a solid base from which each state can further develop its own Day Care Program. The removal of such requirements would give too much latitude to the individual states and would, therefore, open the stage for a weakening of the Nation's Day Care Programs.

In order to realistically accommodate the needs and capabilities of Day Care providers, revisions may be needed in the area of staff-child ratios. Provided steps are taken to assess the competencies of the Day Care staff, a slight reduction of the number of adults required would have the effect of lowering the cost of Day Care significantly, without jeopardizing the quality of care. In addition, a payment ceiling scale, adjusted according to geographic areas, should be developed to ensure quality care at a reasonable cost.

In conjunction with a revision of Day Care standards, specific guidelines, which currently do not exist, should be made available to the states so that they can effectively enforce these standards.

Mr. President, I intend to vote for the amendment.

Mr. DOMENICI. Mr. President, I would like to urge my colleagues' support for amendment No. 724 to H.R. 3153 which would simply maintain minimal standards to assure that federally assisted day care programs do not harm children. These standards have been in effect for 5 years.

As I understand it, the committee bill, without this amendment would drop entirely all standards for day care centers. No protections would be required for young children served by these programs.

Mr. President, I have listened to the debate among my colleagues and I have also read and been aware of many serious instances of deplorable child care conditions in some States due to the lack of proper minimal standards. In my own State of New Mexico, centers are already complying with the 1968 Federal interagency day care requirements. I do not see any reason to back away from these sensible requirements.

It seems only reasonable and honorable to insure adequate care and facilities to all our Nation's children entrusted



in the care of day care centers and I would hope my colleagues agree.

The PRESIDING OFFICER. All time on the amendment has expired.

The question is on agreeing to the amendment of the Senator from Minnesota, as amended. On this question 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 Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTOYA), the Senator from Texas (Mr. BENTSEN), and the Senator from IOWA (Mr. CLARK) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McGEE) and the Senator from Iowa (Mr. CLARK) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from Wyoming (Mr. HANSEN) and the Senator from Ohio (Mr. SAXBE) are detained on official business.

The result was announced—yeas 67, nays 20, as follows:

[No. 526 Leg.]

YEAS—67

Abourezk	Gravel	Mondale
Alken	Griffin	Moss
Bayh	Gurney	Muskie
Beall	Hart	Nelson
Bible	Hartke	Pastore
Biden	Haskell	Pearson
Brock	Hatfield	Pell
Brooke	Hathaway	Percy
Buckley	Hollings	Proxmire
Burdick	Huddleston	Randolph
Byrd, Robert C.	Hughes	Ribicoff
Cannon	Humphrey	Roth
Case	Inouye	Schweiker
Chiles	Jackson	Scott, Hugh
Church	Javits	Stafford
Cook	Johnston	Stevens
Cranston	Kennedy	Stevenson
Dole	Long	Taft
Domenick	Magnuson	Tunney
Dominick	Mansfield	Welcker
Eagleton	Mathias	Williams
Fong	McIntyre	
Fulbright	Metcalfe	

NAYS—20

Allen	Curtis	McClellan
Bartlett	Eastland	Nunn
Bellmon	Ervin	Sparkman
Bennett	Fannin	Stennis
Byrd,	Goldwater	Talmadge
Harry F., Jr.	Helms	Thurmond
Cotton	Hruska	Tower

NOT VOTING—13

Baker	McGee	Scott,
Bentsen	McGovern	William L.
Clark	Montoya	Symington
Hansen	Packwood	Young
McClure	Saxbe	

So Mr. MONDALE's amendment (No. 724), as modified, was agreed to.

Mr. MONDALE. Mr. President, there is an amendment at the desk which I call up and ask unanimous consent to have its reading dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, is this a printed amendment?

Mr. MONDALE. This is not a printed amendment. I understood the Senator from Nebraska was a cosponsor. It is an amendment which I understand is acceptable to the committee. It deals with the appeals procedure for nursing homes and hospitals.

Mr. CURTIS. I have no objection.

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

The amendment offered by Mr. MONDALE for himself, Mr. TALMADGE, Mr. DOLE, and Mr. GURNEY, is as follows:

On page 153, after line 23, insert the following:

JUDICIAL REVIEW OF DECISIONS OF PROVIDER REIMBURSEMENT REVIEW BOARD

SEC. 193. (a) Section 1878(f) of the Social Security Act is amended to read as follows:

"(1) (1) A decision of the Board shall be final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of the Board's decision reverses, affirms, or modifies the Board's decision. Providers shall have the right to obtain judicial review of any final decision of the Board, or of any reversal, affirmation, or modification by the Secretary, by a civil action commenced within 60 days of the date on which notice of any final decision by the Board or of any reversal, affirmation or modification by the Secretary is received. Such action shall be brought in the district court of the United States for the judicial district in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.

"(2) Where a provider seeks judicial review pursuant to paragraph (1), the amount in controversy shall be subject to annual interest beginning on the first day of the first month beginning after the 180 day period as determined pursuant to subsection (a) (3) and equal to the rate of return of equity capital established by regulation pursuant to section 1861(v) (1) (B) and in effect at the time the civil action authorized under paragraph (1) is commenced, to be awarded by the reviewing court in favor of the prevailing party.

"(3) No interest awarded pursuant to paragraph (2) shall be deemed income or cost for the purposes of determining reimbursement due providers under this Act."

(b) Notwithstanding any other provision of law, section 1878 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.

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

Mr. MONDALE. I yield.

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Seto, of the staff, be allowed the privileges of the floor.

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

Mr. MONDALE. Mr. President, this is an amendment which I would have raised in the committee—Mr. President, may I have order?

The PRESIDING OFFICER. The Senator will come to order. The Senator will

suspend until the Chamber has come to order. Will those Senators who are conversing in the Chamber please remove themselves from the Chamber?

The Senator will suspend temporarily until we have had complete order.

The Senator will resume.

Mr. MONDALE. Mr. President, this is an amendment that I would have raised in committee, but there were some technical problems and we worked those out with the staff of the Finance Committee. I understand the amendment is now acceptable to the floor manager. As I understand it, the Department of HEW no longer objects.

It is designed to deal with what I think was an error in the social security amendments passed a few years ago.

The purpose of my amendment to H.R. 3153 is to make certain modifications in section 1878 of the Social Security Act in order to clarify the rights granted to providers of services to obtain administrative and judicial review of disputed reimbursement issues under medicare.

Last year's social security amendments, Public Law 92-603, established in section 1878 a provision for a Provider Reimbursement Review Board to hear appeals involving disputed reimbursement amounts. Under that provision, providers of services were granted judicial review only in the limited instance wherein the Secretary of HEW on his own motion, reverses or modifies a decision of the Board that was favorable to the provider. There was no provision for judicial review of Board decisions that are unfavorable to a provider.

The amendment which I am offering would correct this inequity by offering to providers the right of judicial review of any Board decision or subsequent modification or reversal by the Secretary.

This amendment would not alter in any way the administrative appeals procedures currently provided for in section 1878 of the act. Although the scope of judicial review in the medicare program would be broadened by my amendment, I do not anticipate that this would result in any significant increase in litigation. Section 1878 contains adequate safeguards against frivolous civil actions and protects the operational integrity of the program.

This amendment provides appeals for nursing homes and hospitals when they feel they have been aggrieved by certain decisions. This amendment is offered to correct that inequity and I think would be in the interest of justice. I understand the amendment will be taken by the committee.

Mr. NELSON. Mr. President, the amendment has been examined by the staff and is acceptable to the minority and majority sides. I think it serves an appropriate way of providing an appeal procedure. So, acting in behalf of the manager of the bill, I will accept the amendment.

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

The amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President,

I call up my amendment No. 728 and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant 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, it is so ordered.

The amendment (No. 728) is as follows:

Intended to be proposed by Mr. ROBERT C. BYRD to H.R. 3153, an Act to amend the Social Security Act to make certain technical and conforming changes, viz.:

At the end of part A of title I of the bill, insert the following new section:

ACTUARIALLY REDUCED BENEFITS FOR WIDOWS  
AT AGE 55

SEC. (a) (1) Section 202( ) (1) (B) of the Social Security Act is amended by striking out "60" wherever it appears therein and inserting in lieu thereof "55".

(2) Section 202(e) (1) of such Act is amended, in the matter following subparagraph (F), by striking out "60" and inserting in lieu thereof "55".

(3) Section 202(e) (4) of such Act is amended by striking out "60" and inserting in lieu thereof "55".

(4) Section 202(e) (5) of such Act is amended by striking out "60" and inserting in lieu thereof "55".

(b) The third sentence of section 203(d) of such Act is amended by striking out "60 but only if she became so entitled prior to attaining age 60" and inserting in lieu thereof "55 (but only if she became so entitled prior to attaining age 55)".

(c) Section 203(f) (1) (D) is amended by striking out "60 (but only if she became so entitled prior to attaining age 60)" and inserting in lieu thereof "55 (but only if she became so entitled prior to attaining age 55)".

(d) Section 222(b) (1) of such Act is amended by striking out "a widow, widower, or surviving divorced wife who has not attained age 60," and inserting in lieu thereof "a widow or surviving divorced wife who has not attained age 55, a widower who has not attained age 60,".

(e) (1) Section 222(d) (1) (C) of such Act is amended by striking out "60" and inserting in lieu thereof "55".

(2) Section 222(d) (1) of such Act, in the matter following subparagraph (D), by striking out "for widows and surviving divorced wives who have not attained age 60" and inserting in lieu thereof "for widows and surviving divorced wives who have not attained age 55".

(f) The first sentence of section 225 of such Act is amended by striking out "widow or surviving divorced wife who has not attained age 60" and inserting in lieu thereof "widow or surviving divorced wife who has not attained age 55".

(g) The amendments made by this section shall apply with respect to monthly insurance 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 filed in or after the month in which this Act is enacted.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may temporarily lay the pending amendment aside now and that the able Senator from New Jersey may be recognized. I

understand he has an amendment to be called up which will be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered, and the Senator from New Jersey is recognized.

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

Mr. WILLIAMS. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that George Fritts and Rick Lavis be given the privilege of the floor during the consideration of and voting on this measure.

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

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that the distinguished Senator from New York (Mr. JAVITS) has an amendment which will be accepted by the managers of the bill. If I am correct, I ask unanimous consent that my amendment remain temporarily laid aside until the disposition of both the Williams amendment and the Javits amendment.

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

SUPPORT FOR 11-PERCENT SOCIAL SECURITY  
INCREASE

Mr. CHURCH. Mr. President, I strongly support the social security improvements in H.R. 3153.

Several of these provisions will be of vital importance for individuals struggling on limited, fixed incomes.

First, H.R. 3153 would provide a two-step, 11-percent cost-of-living increase in social security benefits for more than 29 million beneficiaries. The first step would be an interim 7-percent raise effective the month of enactment. The second step would make the full 11-percent increase effective in June 1974. On an individual basis, these provisions would raise average monthly benefits from: \$162 for retired workers to \$173 effective the month of enactment and then to \$181 in June 1974; \$277 for aged couples to \$296 and then \$310 in June; and \$158 for elderly widows to \$169 and then to \$177 in June.

Equally important, it would help remove 800,000 Americans from the poverty rolls, including 550,000 65 and above.

Second, H.R. 3153 would provide an increase in the special minimum monthly benefit, which is now equal to \$8.50 multiplied by the number of years of covered employment in excess of 10 years, but not greater than 30 years. Under the provisions in the bill, the multiple for the special minimum payment would be boosted from \$8.50 to \$9.10 the month of enactment, and then to \$9.50 next June. Thus, a worker with 30 or more years of coverage would have his special minimum payment increased from \$170 to \$190 a month.

Third, the automatic cost-of-living adjustment provision would be improved by measuring the increase on the basis of the change in the Consumer Price Index from the first calendar quarter of 1 year to the first calendar quarter in the following year, rather than from the second quarter in 1 year to the second quarter in the following year.

An exception would be made for the first automatic increase effective for June 1975, which would be based upon the rise in the CPI between the second quarter in 1974 and the first quarter in 1975. Additionally, the effective date for the cost-of-living adjustment would be in June, instead of January. These two changes 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 in the same month.

Fourth, the monthly income standards for the new supplemental security income program would be raised in January 1974 from \$130 to \$140 for eligible individuals and from \$195 to \$210 for qualifying couples. A further increase would be provided in July 1974: to \$146 for single persons and \$219 for couples. The income standards would also be increased proportionately for essential persons, generally younger spouses of assistance recipients who are 65 and above. For these individuals, the income standard would be raised from \$65 to \$70 in January, and then to \$73 in July.

All Americans have been hard hit by the wave of rising prices during the past year. But no age group has been victimized to the extent of the aged. Many have already cut back on their food consumption, even though they may have endangered their health. Others have been forced to seek out food substitutes, such as dog food. And far too many have simply done without.

The evidence is all too clear, in my judgment, that inflationary pressures will intensify in the months ahead. In August the wholesale price index leaped forward at an astounding and record-breaking pace of 6.2 percent. And, it will be just a matter of time before that surge is reflected in higher retail prices throughout the Nation.

Older Americans cannot wait any longer. Time is not on their side. For many, enactment of this two-step 11 percent social security increase is literally a life or death matter—especially those who are now rummaging through garbage cans for their next meal.

For these reasons, I again urge early adoption of the social security provisions. No other legislation is more important from the standpoint of 21 million Americans 65 and over nor more deserving of immediate congressional approval than these measures now before us.

Mr. WILLIAMS. Mr. President, I have an amendment at the desk which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read the amendment offered by Mr. WILLIAMS for himself and Mr. CASE as follows:

At the end of part A of title I of the bill, insert the following new section:

**INCLUSION OF NEW JERSEY AMONG STATES PERMITTED TO DIVIDE THEIR RETIREMENT SYSTEMS**

Sec. — Section 218(d) (6) (C) of the Social Security Act is amended by inserting "New Jersey," after "Nevada,".

Mr. WILLIAMS. Mr. President, this amendment would simply add the State of New Jersey to a list of 21 States which are allowed to divide a public retirement system coverage group to obtain social security coverage. Under this provision, a State at its option may divide a public retirement coverage group and extend social security coverage to those employees who elected to obtain coverage and exclude those who voted against coverage.

Mr. President, I appreciate the fact that the manager of the bill sees merit in including New Jersey in the group of States that can be covered in this way. It represents a major amendment for the public employees in New Jersey.

Mr. NELSON. Mr. President, this is an amendment which is perfectly acceptable. It has been cleared on the minority side and with the staff. Therefore, I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the Williams amendment (putting the question).

The amendment was agreed to.

**AMENDMENT NO. 725**

Mr. JAVITS. Mr. President, I call up amendment No. 725 and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

On page 171, line 17, add the following new title:

**TITLE IV—TO AMEND TITLE IV OF THE SOCIAL SECURITY ACT TO ELIMINATE THE PRECONDITION FOR FEDERAL FINANCIAL PARTICIPATION THAT CHILDREN IN FOSTER CARE BE REMOVED FROM THEIR HOMES AS A RESULT OF JUDICIAL DETERMINATION**

Sec. 401. (a) Paragraph (1) of section 408(a) of the Social Security Act is amended by deleting the "," at the end thereof and inserting in lieu thereof "or any other procedures authorized under the State law and approved by the Secretary".

(b) Paragraph (3) of such section is amended by deleting the "," immediately preceding "and" and inserting in lieu thereof "or any other procedure authorized under State law and approved by the Secretary".

Mr. JAVITS. The purpose of the amendment is to deal with a procedural question in the law respecting children in foster care. One of the provisions of existing law relates to a requirement for a court order before the child placed in foster care can qualify for support. Apparently in New York they have worked out less formal procedures than court proceedings or court orders. Therefore, in order to accommodate that kind of a procedure—and I understand that the department has no objection—this amendment provides that other procedures authorized under State law and approved by the Secretary would be just as satisfactory as the court proposition.

**FOSTER CARE AMENDMENT**

The amendment would modify section 408(a) of the Social Security Act which now requires that in order for a State to obtain Federal financial participation in the care of children in foster homes, placement must have been the result of a court order.

It has been the experience of social service officials in New York City that such a requirement for a judicial determination is not only unwarranted but in many cases prevents placement which would be beneficial to the child, because of a family's reluctance to participate in court proceedings.

While it is clear that the Government has a responsibility to insure that tax funds are not used to support foster care placement unless absolutely necessary for the welfare of the child. I believe that the Department of Health, Education, and Welfare should have some flexibility in making such arrangements. Thus, my amendment provides that Federal financial participation be continued in cases where there are court orders or where other appropriate procedure approved by the Secretary has been complied with. We contemplate, for example, a situation where there has been a voluntary surrender by the parent and a certification by the appropriate State official that the child would be best cared for outside the home.

It is my understanding that the chairman and the ranking member of the Finance Committee have given consideration to this amendment and I urge its prompt adoption.

Mr. CURTIS. Mr. President, will the Senator yield for a question or two?

Mr. JAVITS. Certainly.

Mr. CURTIS. To what extent will this change present procedures?

Mr. JAVITS. The present law requires—and it is very narrow in its statement—a court order.

I will read to the Senate the exact provision which concerns this matter. The present law says that the placement must have been as the result of a court order.

I wrote the chairman of the committee and the ranking minority member of the committee a letter on November 13.

I ask unanimous consent that this letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 13, 1973.

Hon. RUSSELL B. LONG,  
Chairman, Senate Finance Committee, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to you with regard to a proposed amendment to H.R. 3153, which I understand will be reported by the Finance Committee this week. It is my understanding that Jule M. Sugarman, Administrator of the New York City Human Resources Administration has been in touch with you concerning this amendment.

Under existing law, in order for a state to obtain federal financial participation in the cost of maintaining children in foster care, such children must have been placed in foster care as a result of a judicial determination that continuation in their own home would be contrary to the welfare of

the child. The experience of the City of New York has been that this requirement of a court order is not only burdensome but indeed often hinders placements which would otherwise be justified because of the parents' reluctance to go through court proceedings. Therefore, in spite of the loss of federal reimbursement city authorities have continued to place children in foster care with the concurrence of the parents but without a court order where this was necessary.

On September 1, 1973 the State of New York passed legislation to conform state law to the federal requirements. This means that in non-judicial placements the City loses not only the federal contribution but the State contribution as well thereby making such voluntary placements impossible for all practical purposes.

The amendment I proposed to offer would amend Section 408(a) of the Social Security Act by authorizing federal reimbursement for foster care undertaken "under court order or by any other procedures authorized under state law and approved by the Secretary of Health, Education and Welfare."

Mr. Sugarman's office advises me that you have expressed a willingness to take this amendment on the floor and I will proceed under that assumption unless I hear from you otherwise. I have advised Senator Bennett of my intentions and asked for his concurrence as well.

Thank you for your understanding and cooperation on this matter which is of great interest to the City of New York.

With best regards,  
Sincerely,

JACOB K. JAVITS.

Mr. JAVITS. Mr. President, I state in the letter as follows:

Under existing law, in order for a state to obtain federal financial participation in the cost of maintaining children in foster care, such children must have been placed in foster care as a result of a judicial determination that continuation in their own home would be contrary to the welfare of the child. The experience of the City of New York has been that this requirement of a court order is not only burdensome but indeed often hinders placements which would otherwise be justified because of the parents' reluctance to go through court proceedings. Therefore, in spite of the loss of federal reimbursement city authorities have continued to place children in foster care with the concurrence of the parents but without a court order where this was necessary.

On September 1, 1973 the State of New York passed legislation to conform state law to the federal requirements. This means that in non-judicial placements the City loses not only the federal contribution but the State contribution as well thereby making such voluntary placements impossible for all practical purposes.

The situation in the city in such that it has had to continue to place children in foster homes with the concurrence of the parents, but without a court order.

The way in which I have sought to protect the United States is to require that approval be given by the Secretary if the procedure used is other than a court order. This is what this amendment provides.

Mr. CURTIS. Could the Senator give us an illustration of the handling of a case other than by court order? How is it done in the State of New York?

Mr. JAVITS. It would be done if we had a family which, for example, because of poverty or other conditions might have a mother who is in difficulty, perhaps mental difficulties or other such difficul-

ties. There may be a number of children, maybe older children. That often happens. To bring such a person to court and have court proceedings would be so traumatic that our authorities with her consent and with that of the father and after a determination by appropriate State officials that placement is necessary for the child's welfare, would place that child in a foster home with foster parents without a court proceeding which would be so traumatic for the mother. That would be highly desirable in those cases. And under the procedure in my amendment, that would have to be approved by the Secretary of HEW.

I really substitute the approval of the Secretary of HEW for the approval of a court. And the Federal law now does not permit that. It says that it should be strictly a court order, which is very narrow under these circumstances.

Mr. CURTIS. The persons who would have to meet the income and property tests are the foster parents and not the natural parents?

Mr. JAVITS. No. As I understand it everyone has to meet whatever test the law provides. My amendment does not in any way obviate that. It obviates only the proceedings before a court. It provides that instead of having a court proceeding, it allows any such other procedure as is satisfactory to the Secretary.

Mr. CURTIS. Does the Senator have an estimate of the additional Federal costs?

Mr. JAVITS. There should be none whatever unless one considers the approval of the Secretary to be an additional cost. Indeed there would be considerable savings in terms of paper work and court costs in a jurisdiction like New York City where there are currently more than 28,000 children in foster care.

Mr. CURTIS. Would it enlarge a number of benefits?

Mr. JAVITS. It should not in any way, except that if we do not do this, we would have deprived some highly deserving children of this benefit in cases in which because of the condition of the family or the parents we cannot take them to court. However, it should not in any way affect substantively the situation.

Mr. CURTIS. Mr. President, I have no further questions.

Mr. NELSON. Mr. President, I have consulted with the staff and I have listened to the discussion. On behalf of the manager of the bill, I am perfectly willing to accept the amendment of the distinguished Senator from New York.

The PRESIDING OFFICER. The question is on agreeing to the Javits amendment putting the question).

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. NELSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, am I recognized under the previous unanimous-consent order?

The PRESIDING OFFICER. The Senator is correct. The Senator from West Virginia has an amendment pending at this point.

Mr. ROBERT C. BYRD. Mr. President, if the distinguished Senator from Indiana wishes to call up an amendment, he might do so at this time. I have an amendment pending.

Mr. President, it is my understanding that the distinguished Senator from Indiana has an amendment that will be accepted and that it would therefore not take much time.

I ask unanimous consent, therefore, that my pending amendment be temporarily laid aside to allow the Senator from Indiana to call up his amendment which I understand will be agreed to.

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

Mr. HARTKE. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

Strike out all of subsection "e" of section 102 of title I beginning on page 20, line 12 to page 21, line 2.

Mr. HARTKE. Mr. President, I move to delete in its entirety subsection (e) of section 102. This subsection would, for the purpose of veterans' pensions, disregard any social security increase which we pass here today.

Mr. President, as much as I have been long concerned about the adequacy of veterans should not be unfairly penalized by virtue of any social security increase they receive I have reluctantly concluded that this provision is the wrong provision at the wrong time.

To briefly review the circumstances surrounding the provision in question, it should be remembered that the amount of pension for which a veteran or a survivor is entitled is determined by the amount of the recipient's countable nonpension income. Thus, an increase in social security—90 percent of which is counted as income—has often meant a decrease in a veteran's pension. In past years, the decrease in pensions has sometimes been greater than the social security increase producing a net loss to a veteran or a widow. Thanks to increasing refinements in the pension system enacted by Congress, however, this is no longer true and any veteran continuing to receive pensions always receives a net increase in the Federal payments to him when social security is increased.

For example, the average social security increase—under the 1972 20 percent raise—to a pensioner was approximately \$26.50 per month. The average decrease in the VA pension on the other hand was approximately \$7. Nevertheless, this decrease together with a continuing inflation prompted the Veterans' Affairs Committee, which I am privileged to chair, to push for increased veterans' pensions. As my colleagues are aware, we recently passed a \$239 million bill providing for a minimum 10 percent increase in veterans' pensions which now is on the President's desk awaiting

signature. While the bill is not all that the Senate had wanted, it does address itself to the problems of inflation and the decreases occasioned by social security which veterans experienced this year. As you also know, both the House and the Senate are committed to the process of overall pension review for comprehensive legislation which will be reported from the Veterans' Committee in 1974.

In this connection it is important to emphasize first that whether there is any provision in this bill affecting veterans or not, no veteran's pension will be affected by this social security increase next year. The earliest then, that a veteran's pension could be affected by any social security increases enacted by Congress this year will be over a year from now in 1975. In this connection, I ask unanimous consent to place a memorandum from the general counsel of the Veterans' Administration confirming this interpretation in the RECORD at this point.

There being no objection, the memorandum was ordered printed as follows:

NOVEMBER 16, 1973:

To: Chief Benefits Director (21).

From: General Counsel (02).

Subject: Determining income in 1974 for pension and dependency and indemnity compensation.

1. In your memorandum of November 12, 1973, you request my opinion on the following question based on an assumption that the rates of pension and dependency and indemnity compensation for parents would be increased effective January 1, 1974:

"In determining the annual income of pensioners and DIC parents for 1974 and in establishing the payment rates under the formula in the new legislative increase, does the law require that the social security increases expected in 1974 be counted?"

2. As stated in our memorandum of September 17, 1973, to which you refer, "notwithstanding notice of an increase in retirement prior to the deadline for reporting anticipated income for a forthcoming year, the end-of-the-year rule of [35 U.S.C.] 3012(b) (4) would still apply." This memorandum, as does our earlier opinion of January 26, 1968, adopted by the Administrator in his report of February 5, 1968, on H.R. 12555, 90th Congress, deals solely with the computation of income and is not related to the rate of pension payable, except to the extent that once income is determined, the rate payable for such income can be ascertained.

3. We find no legal basis for adjusting the pension rate in 1974 based upon increased social security payments expected later that year. Counting the 1974 social security increases in determining income would result in reducing the pension otherwise payable under the assumed increased rates. To do so, as suggested in the third paragraph of your memorandum, would be violative of section 3012(b) (4) as interpreted in the mentioned opinions.

4. Pension payable for 1974 should be based on the actual social security income received in 1973 in line with the aforementioned opinions. As previously indicated, the rate of pension has no bearing on the method of computing income. Once income is determined, the amount of pension to be paid would, of course, be fixed according to the rates then in effect.

5. The statutory method for determining the income of parents for the purposes of receiving dependency and indemnity compensation is similar to that of computing income for pension purposes. Section 3012(b) (4) is also applicable to reductions of

such compensation. Therefore, the views expressed above with respect to pension apply equally to dependency and indemnity compensation.

6. It follows that your question, as set forth in the first paragraph, must be answered in the negative.

JOHN J. CORCORAN.

Mr. HARTKE. Second, this provision as presently written would not do what it is intended to do; that is, treat all veterans in a fair and equitable manner. By singling out social security, this bill would discriminate against veterans who receive increases in civil service annuities, railroad retirement, or private annuities. Thus, you would have the situation where two veterans with identical outside income would receive different pensions. I can assure my colleagues that they have not seen mail that can be generated until you have a situation in which veterans with identical income are paid different pensions.

Third, I am informed that the provision as drawn now would be impossible to administer by the Veterans' Administration. The Veterans' Administration has termed this provision an "administrative nightmare" as the following memorandum indicates:

**EFFECTS OF THE SOCIAL SECURITY "PASS THROUGH" TURNS A SIMPLE SYSTEM INTO A HIGHLY COMPLEX ONE**

Pension is paid based upon countable income, self-reporting through annual income questionnaires, and therefore kept simple.

Pensioners receive income from various sources, and most have income from more than one source. When income from any one or combination of sources undergoes change, an adjustment in rates is made.

For social security and other retirement incomes, ten percent is excluded in determining the pension rate payable.

The "pass thru" proposal would create an administrative monstrosity.

For those on the pension rolls who are receiving social security, the social security portion of their income would be of three components: the "pass thru" amount which is never to be counted as income; the balance of which 10% is not counted, and 90% which is counted.

By law, social security will be adjusted each year in line with changes in the cost of living. The percentage will be applied to the total social security payable. Where there is a portion not to be counted, that amount, and the % increase would be excluded. The individual is not usually certain of the amount of his benefit increase (with medicare, etc. deductions) nor can we be sure of the amount which will be the total increase "pass thru". Automatic adjustments will not be feasible for all of these cases, for individual treatment and adjudication would mean incurring tremendous administrative costs.

The problem would also be compounded when income other than social security changes and an adjustment must be made. The various components of social security must be unraveled to properly assign the pension rate.

There would be further problems should a pensioner be taken off the rolls for a period of time due to employment or other change in income, and then again become eligible. Another complex income determination would have to be made for each case.

The "pass thru" would also create disparate classes of pensioners. For all future payments, we would have to distinguish between those receiving pension before 1/1/74 and receiving social security and those en-

titled on or after 1/1/74, as well as those who may have received pension before 1/1/74 but did not commence receipt of social security until after that date.

I might add that the veteran's organizations have recognized that this is not the best way to approach the problem and I ask unanimous consent that copies of letters from the American Legion addressed to my distinguished colleague, Senator RIBICOFF, which explain the difficulties of this provision be inserted in the Record at this point.

There being no objection the letters were ordered printed as follows:

NOVEMBER 16, 1973.

Hon. ABRAHAM RIBICOFF,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR RIBICOFF: The American Legion is grateful to you again this year for your efforts to improve the veterans nonservice-connected pension program. With your cooperation, H.R. 9474 passed the Senate today and the VA beneficiaries will receive a minimum ten percent increase in monthly benefits commencing next January.

The merit of excluding monthly social security benefits from counting as income for VA pension purposes has been studied by The American Legion on several occasions. Each time the organization has concluded that to do so would discriminate against other veterans whose retirement type incomes are derived from other sources, and for the further reason that such might defeat the needs test for pension eligibility.

As you know, the pension program, as established in 1933, is an income maintenance and not a retirement program. It was designed to help relieve or prevent need arising from nonservice-connected disability with associated unemployability. It also provides assistance to the spouse where the veteran's death removed the principal means of support. It is the Nation's means of assuring war veterans of an honorable form of financial assistance when they lack sufficient resources to meet the cost of their reasonable needs.

Under present law, all payments of any kind or from any source (including salary, retirements, annuity payments or similar income), are counted as annual income for pension purposes. Additionally, the law excludes from these income determinations ten percent of the amount of payments to a veterans or widow or child under public or private retirement, annuity, endowment, or similar plans or programs.

From the foregoing, it is patent that the income of these beneficiaries receive equal consideration in annual income determinations. The American Legion believes that an equitable and just solution to the needs of pensioners lies not in the exclusion of income types, but by providing for adequate income limits, and monthly pension payable. We are aware that both the Senate and House Committees on Veterans' Affairs are committed to restudy all facets of the veterans pension program next year. They hope to find a just solution to the existing inequities so that the Congress will not have to reconsider this type of legislation each time social security benefits and other retirement type incomes are increased to keep pace with the rise in the cost of living. It is our understanding that as a result of the projected Congressional study of the pension program, the Veterans Administration has agreed that any increases in social security benefits presently under consideration by the Congress will not be considered as income in 1974.

Again, thank you for your splendid support and cooperation.

Sincerely yours,

HERALD E. STRINGER,  
Director, National Legislative Commission.

THE AMERICAN LEGION,  
Washington, D.C., November 28, 1973.

Hon. ABRAHAM RIBICOFF,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR RIBICOFF: This has further reference to my letter of November 16 concerning your amendment to H.R. 3153, the Social Security Amendments, to exclude social security increases from counting as income for veterans pension purposes.

As you know, the Veterans Administration has agreed that any social security increases enacted this year will not count as income for veterans pension purposes for the year 1974. Also, the Senate and House Committees on Veterans Affairs are committed to make a comprehensive study of the entire veterans pension program during the second session of the 93rd Congress in an effort to find an equitable solution to this problem.

For these and other reasons The American Legion hopes you will withdraw your amendment to H.R. 3153.

Your continued cooperation with this office is greatly appreciated.

Sincerely yours,

HERALD E. STRINGER,  
Director, National Legislative Commission.

Mr. HARTKE. Finally, I want to assure my colleagues that the Veterans' Affairs Committees of both the Senate and the House will be dealing with the whole problem of veterans' pensions next year and that we fully expect to have a thorough, comprehensive, and equitable bill for all of our veterans long before any social security increase could possibly affect their veterans pension.

Mr. President, as much as I appreciate and sympathize with the motives of the veterans' disregard provision of this bill, I urge my colleagues not to treat the problem on a piecemeal basis—and one that will not work. Let the Veterans' Affairs Committee deal with the whole problem.

I commend the Senator from Connecticut (Mr. RIBICOFF) for his intention to assure that veterans should not be penalized. I agree with the spirit of the motives that prompted the original provision in this bill. Unfortunately, as I have indicated it does not accomplish the intended result.

I have discussed this matter with the Finance Committee, and I understand that they are willing to accept the amendment which I offer today.

Mr. NELSON. Mr. President, it was the intention of the Finance Committee, as the Senator from Indiana, who is Chairman of the Veterans' Affairs Committee, has said. With the assurance of the Veterans' Affairs Committee that this would be appropriately handled by the committee, we are willing to accept the amendment.

Mr. HARTKE. Let me say to the floor manager of the bill that the veterans organizations recognize this is not the proper approach. As the letter from the American Legion addressed to Senator RIBICOFF indicates, they have requested that this change be made.

Mr. NELSON. On behalf of the manager of the bill, I am willing to accept the amendment.

Mr. CURTIS. Mr. President, will the Senator state again where he would begin striking out, beginning on what page?

Mr. HARTKE. It would strike the en-

tire subsection "e" of section 102 of title I which would disregard this social security increase in determining income for purposes of the pension to which a veteran or his survivor would be entitled.

Mr. CURTIS. On what page?

Mr. HARTKE. Page 20.

Mr. CURTIS. Line what?

Mr. HARTKE. Lines 7 to 12.

Mr. CURTIS. Lines 7 to 12?

Mr. HARTKE. Yes. Beginning with line 12 on page 20, down to page 21, line 2. That entire subsection.

Mr. CURTIS. Will the Senator state again what this language would do if it were left in here?

Mr. HARTKE. Subsection E would purport for the purposes of determining the amount of a veteran's pension to be paid to disregard any social security increase passed this year. I should point out that with respect to social security increases that have adversely affected veterans' pensions that there has already passed Congress a measure which is on the President's desk, which has no substantial objection, which would correct those deficiencies.

Quite simply we have taken care of past problems with that bill and we have another program coming from the Veterans' Administrative to deal with this matter in depth. The Veterans' Administration is opposed to the provision which my amendment would delete. The veterans' organizations are opposed to it, and the Veterans' Affairs Committee is opposed to it.

Mr. CURTIS. They are opposed to its being handled in the social security legislation; is that what the Senator means?

Mr. HARTKE. No. In this particular case I would be perfectly willing to waive jurisdiction if this were an equitable and workable provision of real benefit to the veterans. But it is not. The railroad employees, for example, and certain pensioners of the Government who are traditionally taken care of would not be aided by this provision. In other words, the legislative procedure does not accomplish the spirit which it was intended to accomplish.

Mr. CURTIS. And what the Senator proposes to do is strike it out entirely?

Mr. HARTKE. That is right.

Mr. CURTIS. I thank the Senator.

Mr. THURMOND. Mr. President, initially, I want to preface my remarks with a statement concerning social welfare legislation in general, and non-service-connected veterans pension legislation in particular.

First, I believe that every able-bodied man should work or train for work, and the emphasis of our legislative activity should encourage that end. While the great majority of the American people are physically and mentally capable of holding a job, there are many, who, because of infirmities of the mind or body, are not able to hold a job or even train for work, no matter how hard they try or what their desires may be.

Those in the latter group, Mr. President, deserve our best efforts to help them maintain a standard of living above the poverty level, and the full benefits of all the governmental programs which have

been designed to aid them in their battle to maintain a decent standard of living for themselves and their families.

Second, many of our veterans who draw non-service-connected pensions fall in the group that I have just described. Many of these veterans, because of age and/or disability, qualify for both social security benefits and a veterans pension. The combination of these benefits affords the non-service-connected pensioner a minimum standard of living, and enables him to live in the manner befitting one who was willing to sacrifice his life and body for his country.

Mr. President, no government program is wasted when it is aimed at compensating the American veteran for the service he has rendered our country. After all, we are free to stand here today in free and open debate because of his sacrifice when our Nation needed him most.

No veteran should ever be penalized because of his status as a veteran. The benefit of every program which would accrue to him if he were not a veteran should, and must, continue to be available to him as a veteran.

Ostensibly, it is this very point which poses a problem in reconciling the social security laws with the veterans' pension laws. Since veterans' pensions are based on need, and increase in social security payments often lifts the veteran's income above the limitation which qualifies him for a non-service-connected pension. A raise in social security benefits helps the normal recipient meet increased living costs, but an anomalous situation occurs for many veterans or their widows. They are told to expect an increase in social security benefits, but a decrease in their pension because their income has increased to a point of lifting them into another increment level for pension purposes. Some even have their income level raised to a point where no pension at all is available.

Mr. President, this problem has plagued us for many years, and I have given considerable thought to a lasting solution. Unfortunately, I must admit, and I believe that other members of the Veterans' Affairs Committee and the Finance Committee will agree, we have been unable to devise a workable solution for this complex problem.

In the last session of Congress, I co-sponsored a bill with the chairman of the Veterans' Affairs Committee, Senator HARTKE, which contained a provision for a \$400 increase in the income limitations in computing countable income for non-service-connected pension purposes. A \$400 increase would have offset recent social security increases. This bill passed the Senate unanimously on October 11, 1972, but the House did not act on it before adjournment. Consequently, we re-introduced this bill as S. 275 in the present Congress, and again it passed the Senate unanimously on August 2, 1973.

However, the House again refused to act on this provision. In discussions with the leadership of the House committee, it became evident that the House would not accept an increase in income limitations for computing the non-service-connected pensions.

First, it was pointed out that such an approach offered only a piecemeal solution. Each time a social security increase occurred, a subsequent increase in income limitations would be necessary to protect the status of the non-service-connected pensioner.

Second, each increase in income limitations would qualify additional veterans for the pension rolls, and we would be aiding the man who needed the additional benefits least, and not the one who needed help the most.

Third, the addition of more and more veterans to the pension rolls would set into motion an unending process which the present compensation and pension budget could not withstand.

So, on November 16 of this year, the Senate concurred without dissenting vote in the House amendments which struck the provision for an increase in income limitations. Basically the veterans nonservice-connected pension legislation of 1973 provided authority for a 10 percent cost of living increase as temporary relief. However, at the time of passage, the colloquy on the Senate floor between Senators HARTKE, HANSEN, and myself pointed to a total commitment to reexamine the entire pension system early in the next session. It is my expectation that a full-fledged examination of the veterans pension system will be a primary effort to the Veterans' Affairs Committee early next year.

While at first glance it may seem logical to adopt the Finance Committee's proposal to disregard social security increases in computing the veteran's non-service-connected pension, close scrutiny reveals that such a proposal would not solve the problem. It, too, would provide only a piecemeal approach to a very complex problem.

Second, while seeking to alleviate an inequity, it would in fact, cause a further inequity in the pension law. Veterans with the same income would be classified differently for pension purposes. While income from social security would be disregarded in determining the pension for one veterans, another veteran with an equal income from another source would have his income counted for pension purposes.

Third, the Veterans' Administration, in consultation with the staff of the Veterans' Affairs Committee, has pointed out that a "pass-through" provision would be hard to administer. In an effort to forestall any harsh effects caused by the enactment of H.R. 3153, an opinion by the General Counsel of the VA submitted to the general counsel of the Veterans' Affairs Committee, has pointed out that any increases in social security will not be counted until January 1, 1975. Therefore, the increases encompassed in this bill will not affect our pensioners in the next year. During 1974, the Congress will have the time to seek a permanent solution to this problem.

Fourth, various veterans service organizations recommend that a "pass-through" or "disregard" clause in social security law will not serve the best interests of all veterans.

Senator HARTKE's amendment recognizes these problems and deletes the

"pass-through" or "disregard" provisions in the bill. After careful study and consultation with him, I am convinced that his amendment represents the best interest of the veteran.

Mr. President, I believe that all veterans legislation must be directed toward the benefit of the veteran, and I am hopeful that logic, and not emotion, will control our thoughts as we consider the Hartke amendment.

My duty, as the senior Republican on the Veterans' Affairs Committee, is to protect the best interests of the American veteran. With that thought in mind, I urge my colleagues to support the Hartke amendment, but with the full realization that the Veterans' Affairs Committee, as well as the full Senate, is charged with the duty of examining the veterans pension system and seeking to propose a final and equitable solution to this perplexing problem which faces the non-service-connected veteran.

While we all realize the need for changes in the veterans' pension law, I am sure that views will differ on the approaches to a solution. I am looking forward to a forthright discussion of these issues, and believe that exhaustive hearings before the Veterans' Affairs Committee, with VA witnesses, service organization spokesmen, and veterans themselves, provides the best forum for an in-depth examination of this problem. I am hopeful that Senators, themselves, will feel free to come before the committee and propose fresh ideas and approaches.

Finally, let me emphasize that our veterans are not impressed with rhetoric or shallow solutions that do not strike at the heart of the problem. When their incomes are cut, they expect action and hard work on our part to find a solution.

The Finance Committee's proposal for a "disregard" is admirable in motive and intention, but I believe that a better solution can and will be worked out by waiting on the Veterans' Affairs Committee to examine thoroughly this problem. Senator HARTKE long ago committed himself to seeking a solution, and I joined him, Senator HANSEN, the ranking minority member, and other committee members in a bipartisan effort to find an answer. The committee will continue its efforts.

Therefore, Mr. President, I support the Hartke amendment and urge my colleagues to do likewise.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. HARTKE. I thank the distinguished assistant majority leader for permitting us to take this legislative action at this time.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, my amendment will amend the Social Security Act by reducing from 60 to 55, the age at which a woman may become entitled to actuarially reduced widow's insurance benefits themselves.

Throughout my entire congressional career, I have consistently supported and introduced legislation designed to provide more realistic social security bene-

fits, and legislation designed to improve and strengthen the structure, administration, and financing of the social security system.

Last fall, I introduced this measure as an amendment to H.R. 1, and it was adopted by the Senate. Unfortunately, the House conferees would not accept this amendment and it, therefore, was not included in the conference-reported bill. I have also introduced this proposal as a separate bill, S. 2679 on November 9, 1973. While there were many improvements and liberalizations contained in H.R. 1, as finally enacted, I also hope that the need for additional improvements, such as would be effectuated by my amendment, will now be more clearly recognized by Members in both Houses of Congress so that this proposal might receive expeditious consideration and enactment into law this session.

Beyond the 28 million citizens who are already drawing social security benefits, there are many widows between the ages of 55 and 60 who, at this stage in their lives, are unable to establish a new career, or to reactivate an old one. It is this group of widows that my amendment is aimed at assisting.

Under the provision of my amendment which will permit actuarially reduced widows' insurance benefits to be received at age 55, the Social Security Administration has estimated that approximately 310,000 widows may claim benefits the first year, creating an initial cost of about \$600 million. But in the long run, there would be no, or very little, increased cost because it would balance out.

In West Virginia, approximately 5,300 widows would become eligible for actuarially reduced benefits, if the age requirement were lowered 60 to 55. The increase in benefits for West Virginians would be approximately \$10 million.

I would like to cite several examples, which have been computed by the actuarial experts of the Social Security Administration which show how my amendment will affect widows. These examples include the 7 percent increase.

First. Widow A is 55 years old and her husband had average monthly earnings of \$500 per month. Her reduced benefits would be \$175.40 per month.

Second. Widow B is 55 years old and her husband had average monthly earnings of \$800 per month. Her reduced benefits total \$201.50 per month.

Third. Widow C is 55 years old and her husband had average monthly earnings of \$800 per month. Her reduced benefits total \$222.80 per month.

This amendment, if adopted and enacted, will provide benefits for a group of persons who need it most—widows who are unable to work and who desperately need these benefits, but who have been unable to obtain them because of the social security age requirement. In the majority of cases, these widows' husbands had paid into the program for a long time, and these are people who deserve to receive some type of benefits now.

Mr. CURTIS. Mr. President, will the distinguished Senator from West Virginia yield for a question or two?

Mr. ROBERT C. BYRD. Yes.

Mr. CURTIS. As I understand, what the Senator proposes relates to the benefits for women.

Mr. ROBERT C. BYRD. Yes; for widows.

Mr. CURTIS. Not all women?

Mr. ROBERT C. BYRD. No; only widows.

Mr. CURTIS. At the present time, if the husband is the primary beneficiary, and he dies, at what age do the benefits start for the widow?

Mr. ROBERT C. BYRD. At age 62 for full benefits; for actuarially reduced benefits, at age 60.

Mr. CURTIS. What the Senator proposes to do would change it to what?

Mr. ROBERT C. BYRD. The age at which widows could receive actuarially reduced benefits would be lowered from the present age of 60 years to 55 years.

Mr. CURTIS. How many widows would this proposal affect?

Mr. ROBERT C. BYRD. I understand that it would affect about 310,000 widows, who would claim benefits in the first year.

Mr. CURTIS. If the Senator's amendment were accepted, all widows falling in that age category could avail themselves of benefits?

Mr. ROBERT C. BYRD. They would have the option of availing themselves of benefits.

Mr. CURTIS. Suppose that a woman had been a widow for many years, and her deceased husband was not qualified for a primary benefit, but she was working in her own right. Would she be able to avail herself of the benefits proposed by the Senator's amendment?

Mr. ROBERT C. BYRD. Widows could receive benefits only at age 62 on their own employment record.

Mr. CURTIS. In other words, the Senator is proposing—

Mr. ROBERT C. BYRD. This amendment would not affect that category.

Mr. CURTIS. I understand; but the Senator is proposing that a widow have a preferential position over women who must work and support themselves.

Mr. ROBERT C. BYRD. That is already the law. Under present law, a widow whose husband was covered may elect, at age 60, to take actuarially reduced benefits; whereas, a widow in the other category cannot do so but must wait until age 62. The former may have no skills for the current labor market, because she has been a housewife over the years. The latter is currently employed in today's labor market and possesses the skills needed.

Mr. CURTIS. The Senator is widening the period from 2 years to 7?

Mr. ROBERT C. BYRD. My amendment makes it possible for the widow who, perhaps has long been a housewife and out of touch with the skills required for a job, and whose husband was in covered employment, to elect to receive actuarially reduced benefits 5 years earlier than she can now receive such benefits under present law.

Mr. CURTIS. The first full year's cost will be \$600 million.

Mr. ROBERT C. BYRD. The first full year's cost is estimated at \$600 million.

Mr. CURTIS. Is it the Senator's contention that there would not be any additional cost?

Mr. ROBERT C. BYRD. It is my contention that over the long run, the initial cost would be almost washed out, because the widows who elected to take benefits at age 55 would have to take a reduced benefit below that which they would otherwise receive if they waited until they were 60. So, in the long run, the initial cost would be made up by balancing out—they would receive 15 years' worth of benefits spread over 20 years, perhaps.

Mr. CURTIS. I am aware that, theoretically, that contention is made, but if it were literally true, everyone could then retire at 40 years of age at reduced benefits, and it will cost the system nothing.

Mr. ROBERT C. BYRD. The law does not allow everyone to retire at 40—

Mr. CURTIS. No, no; but if it does not cost anything to give the reduced benefits at a lower age and the Congress chose to make it possible for someone 40 years of age to do it, it would not cost them, if the Senator's theory is correct.

Mr. ROBERT C. BYRD. Actuarially it is supposed to balance out. I am not an actuary. I suppose at age 40, an actuarially reduced benefit would be down to nothing.

Mr. CURTIS. I know it is, theoretically. Does the Senator have an estimate of how many of these widows might cease working and, thus, would be no longer paying social security taxes into the fund?

Mr. ROBERT C. BYRD. I can only say that I am advised by the Social Security Administration there is a potential of 310,000 widows. How many of these are working at the present and would not elect to retire at age 55, I have no way of knowing.

Mr. CURTIS. Does this amendment have the support of the Department?

Mr. ROBERT C. BYRD. I cannot say that it has the support of the Department.

Mr. CURTIS. Does the Senator know whether they are objecting to it?

Mr. ROBERT C. BYRD. I do not know for a fact that they are objecting to it. I cannot answer that question.

Mr. CURTIS. I thank the Senator from West Virginia very much for his courtesy in answering these questions. I feel that amendments of this kind, materially lowering the retirement age, should not be adopted by consent or by a voice vote but that the Senate should vote on them. I am afraid we do not have sufficient Senators in the Chamber at this moment for a rollcall—to second a request for a rollcall vote, but I think we should have one.

Mr. ROBERT C. BYRD. I agree with the Senator. While I stated that I cannot say as a matter of fact that the Social Security Administration does not approve this amendment, I can only assume that it does oppose it, because I think the administration has opposed similar amendments in the past. How strong that opposition is, I have no way of knowing. But I agree there should be a rollcall vote on this. If I could get the unanimous consent of the Senate, I should like to lay this amendment temporarily aside and

take up a second amendment, after which I will have no additional amendments.

Mr. HARTKE. Mr. President, will the Senator from West Virginia yield for a question or two on this amendment?

Mr. CURTIS. Could I ask unanimous consent for a rollcall vote—

Mr. ROBERT C. BYRD. I would have to object, but I hope that—

Mr. CURTIS. I would like to argue about that, but if we can pass a law by unanimous consent, why on earth can we not have a rollcall vote by unanimous consent?

Mr. ROBERT C. BYRD. I am willing to discuss that with the Senator. I will not argue with him on it. This business of securing one-fifth of the Members present to order a rollcall vote is a constitutional inhibition and not mine, but—

Mr. CURTIS. Would the Senator yield if I might make a—

Mr. ROBERT C. BYRD. Yes.

Mr. CURTIS. Ask for a quorum call.

Mr. ROBERT C. BYRD. Would the Senator allow us to proceed? We will get a sufficient number of hands. If the Senator would yield, so that we could proceed with a little discussion with the Senator from Indiana, I believe, in the long run, that will save time.

Mr. CURTIS. Does the Senator have another amendment?

Mr. ROBERT C. BYRD. I was going to ask unanimous consent that I could set this amendment temporarily aside until we have a sufficient number of Senators in the Chamber to get the yeas and nays.

Mr. CURTIS. These ladies may be 60 years old by the time that happens. [Laughter.]

Mr. ROBERT C. BYRD. I am sure they will receive good encouragement from the Senator's vote on this amendment.

Mr. CURTIS. That is right.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. ROBERT C. BYRD. Mr. President, I have called off the quorum, with the understanding of the distinguished Senator from Illinois (Mr. PERCY) that we will protect the rights of the distinguished Senator from Nebraska (Mr. CURTIS) while he is talking on the telephone; but I think that in the long run this will save time because it will give the Senator from Indiana (Mr. HARTKE) an opportunity to make his statement.

I yield to the Senator from Indiana.

Mr. HARTKE. I thank the Senator from West Virginia. I wanted to ask the Senator, is not this amendment an attempt to provide an opportunity for widows to go ahead and retire at an

earlier age than they have previously been able to retire, in view of the fact that they were forced to work beyond the period of time, and that many of them are not sick but are disabled, that is, in the terminology of the social security laws and who are, frankly, beyond their physical capabilities to continue to act and work.

Mr. ROBERT C. BYRD. The Senator is correct. My amendment only goes to the problem of widows. It gives them the option to retire at an earlier age than they presently can retire, with the understanding that they will receive actuarially reduced benefits if they do so choose to retire at an earlier age.

Mr. HARTKE. All right. In the discussion with the Senator from Nebraska (Mr. CURTIS), which dealt with the question, will it permit anyone to retire on reduced benefits when, theoretically, that might be true but the fact is, if one retired at 40, he would not get anything because, actuarially, it would not work out that way to a great extent. The individual retiring at 55 would find that his reduced benefits would be so substantially less than he would get if he continued to work, that he will continue to work, if he can. But under such circumstances, where the necessities would indicate that they should or could retire, this amendment provides an opportunity for them. So, really, this is an opportunity amendment and not a mandatory amendment; is that not correct?

Mr. ROBERT C. BYRD. The able Senator from Indiana has stated the case precisely, in support of the amendment.

Mr. President, now that the Senator from Nebraska has returned to the Chamber, may I say to him that I called off the quorum with the understanding of the distinguished Senator from Illinois (Mr. PERCY) that the rights of the Senator from Nebraska (Mr. CURTIS) would be fully protected and that we would carry on this colloquy in the meantime.

Mr. CURTIS. Mr. President, I am seeking recognition in my own right now.

The PRESIDING OFFICER (Mr. BIDEN). The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, this amendment sounds like it would not cost anything. I do not think that is correct. I also point out that it would be inequitable to enact. Are we to say to some women who have had to work hard all their lives that they cannot elect to retire at a reduced benefit at age 55 but that widows can? Some people who are beneficiaries of social security need that benefit very badly to live on. A larger number need it. But not all beneficiaries of social security are in dire need. This amendment makes no such qualification. A widow has an optional retirement at 55, but working women have no such option.

There is a reason for permitting some reduction in age for an optional retirement, because when people get to a certain age, it is difficult for them to carry on. That is why it is in the law that they could have an option at 60. No evidence has been presented that the same facts prevail in reference to a widow at age 55.



There is still another factor that makes this expensive, and it is this: Beginning not too many months from now, our program for the aged, blind, and disabled, which has been on a matching basis, is going to be taken over by the Federal Government. So those people who have been on old age assistance and have been getting a benefit through the State, which was matched by the Federal Government, are going to receive a supplemental income payment. That supplemental income payment is to bring their income up to a certain amount. If a social security payment is low, their payment from the Federal Government for the supplemental income will be larger. So someone can elect to take a reduced social security payment and thereby qualify for a higher supplemental income payment which is borne entirely by the Federal Government. The proposition that this would all be washed out because of the actuarial considerations had some validity before the enactment of the law relating to the supplemental income program. It does not have that validity any longer.

I submit, further, that I do not believe it would be just to have more liberal provisions for women who have not worked under covered employment than women who have had to work all their lives and will have to work until they are of retirement age.

I have had an opportunity to confer with the representatives of the Department of Health, Education, and Welfare, and they are opposed to the amendment.

Mr. President, I yield the floor.

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

Mr. ROBERT C. BYRD. Mr. President, I have a question to ask the distinguished Senator.

I recognize that under the present law, there is an apparent discrimination in favor of the widow and against the working woman. That discrimination, I think, covers a period of 2 years. At present, the widow can elect to retire at age 60; whereas, the other party cannot elect to retire until age 62. So that is a built-in discrimination, I suppose, that we have had to accept all along.

Would the distinguished Senator be willing to accept a modification of my amendment which would provide that the woman in the second category, to which the Senator has been addressing himself, could elect to retire at age 60 rather than at age 62?

Mr. CURTIS. I would not say that I would oppose it, but I would certainly oppose it as a floor amendment. These matters are involved: The cost estimates need to be explored. Also, I doubt very much whether many Senators are aware of the supplemental income provision which is going to be available to all adults when they are 65—those who happen to need it. I think the picture has changed entirely since then. While I would not at all take the position that I am not in favor of some further liberalization for all women, including those who must work all the time, I think it should be done by committee action.

Mr. ROBERT C. BYRD. Mr. President, I think the Senator's argument has a great deal of merit. By unanimous consent, I would like to modify my amendment to allow men and women to retire with actuarially reduced benefits at age 60, rather than at age 62, as at present, retaining the language in the amendment I have offered, which would allow widows to retire at age 55.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. The yeas and nays have been ordered. Can such modification be made?

The PRESIDING OFFICER. Only by unanimous consent.

Mr. CURTIS. I am constrained to object, not because I would throw a difficulty into the procedure; but I do not believe that these moves should be made without being considered by a committee and the committee bringing in a recommendation. Therefore, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I can, of course, offer an amendment to my own amendment. Am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. In the past, on a number of occasions, the Senate has adopted an amendment I have offered reducing the age from 62 to 60, with actuarially reduced benefits, for both men and women.

I am torn between two emotions, as to whether or not to proceed accordingly to try to amend my own amendment, which I have a right to do. I realize that if I do, the Senator may wish to talk for a while on that amendment. I do not know what his inclination would be.

I also realize that my amendment reducing the age from 62 to 60 has been offered by me at least four, five, or six times and has been adopted in the Senate, over a period of several years, and it has never gotten through the conference with the other body.

Last year, I offered the amendment to lower the age for widows to 50, and at the suggestion of the distinguished senior Senator from Kentucky at that time, Mr. COOPER, I agreed to modify my amendment to make it age 55, rather than 50. So I would assume that my amendment might have a better chance of surviving in conference if I stayed with the amendment I have offered today, rather than attempting to expand it at this point to include other groups. Half a loaf would be better than no loaf at all.

I say again that I think the Senator's suggestion has a great deal of merit, that other women should also have some option. But I will not attempt to amend my amendment on this occasion. I will let the amendment stand, and I hope that the Senate will agree to the amendment.

May I ask the Senator if he would allow me to do this? I have one other amendment. I would like to ask unanimous consent, and I will ask unanimous

consent, and the Senator may object if he wishes, that the pending amendment be temporarily laid aside and that I proceed with the second amendment, discuss it, request the yeas and nays on it, have the yeas and nays ordered, and then have the two votes occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, and I do not know that I will object, in the interest of orderly procedure I would like to be informed what the second amendment is about.

Mr. ROBERT C. BYRD. Yes, I think the Senator is entitled to know that.

I do not know how Lyndon Johnson, when he was majority leader, used to be able to carry so many papers around in all of his pockets and in both of his arms and be able to avoid losing them. Apparently I am not doing too well at it myself.

Mr. President, this is not a printed amendment. I shall state to the Senators what it would do.

Mr. President, this amendment would amend the social security law by allowing social security recipients to earn up to \$3,000 a year without being penalized. The Senator is familiar with the subject matter.

If the Senator has no objection, I could offer it and then discuss it. If he would prefer to wait for a vote until after the prior amendment, that is all right with me.

Mr. CURTIS. I would have no objection to such a procedure, I think it might even be true that it would be helpful to Members of the Senate—at this point I am not willing to agree to a general limitation of time, but if the Senator wishes to suggest a time for the votes, that is all right with me, too.

Mr. ROBERT C. BYRD. Mr. President, could I get the Senator's consent to proceed with the vote on the pending amendment and immediately thereafter I then be recognized to call up this second amendment?

Mr. CURTIS. Yes, either that or discuss the second one.

Mr. ROBERT C. BYRD. Discuss it now, and then go to a vote on both amendments?

Mr. CURTIS. I have no objection.

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

Mr. ROBERT C. BYRD. Mr. President, I send the amendment to the desk and ask that the Clerk state it.

The PRESIDING OFFICER. Without objection, the pending amendment will be temporarily laid aside.

The clerk will state the second amendment.

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, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of part A of title I of the bill, insert the following new section:

LIBERALIZATION OF EARNING TEST

SEC. 111A. (a) Paragraphs (1), (3), and (4) (B) of section 203(f), and paragraph (1) (A) of section 203(h), of the Social Security Act are each amended by striking out "\$175" and inserting in lieu thereof "\$250".

(b) The amendments made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1973.

(c) Section 202 of Public Law 93-66 is hereby repealed.

Mr. ROBERT C. BYRD. Mr. President, my amendment would amend the social security law by allowing social security beneficiaries to earn up to \$3,000 per year without being penalized by loss of benefits. Under existing social security law, beneficiaries are allowed to earn up to \$2,100 per year before being penalized with loss of earnings, and on January 1, 1974, this limitation will be increased to \$2,400.

Presently, if a beneficiary earns over \$2,100, he is penalized \$1 for every \$2 that he earns and he loses benefits in this amount—a grossly unfair procedure which inures against those who can least afford it.

This limitation penalizes the wrong persons. Commonsense would indicate that. Citizens who have been working all their lives and contributing to the system during this working period from their hard earned salaries should not, at this point in their lives, be penalized for working.

Mr. President, at the present time the maximum social security benefits are \$266 per month for a man who reached age 65 in 1973 and had maximum earnings through 1972, and many persons need additional funds, above that amount, to sustain themselves. Surely, they should not be penalized for having the incentive to go out to earn the extra money needed.

Under present law, beneficiaries who reach age 72 receive their full benefits without regard to any earnings limitation. I do not understand why they should be penalized between the ages of 70 and 72.

Another glaring inequity in the earnings test application is that in determining whether the earnings limitation has been exceeded, only "wages" and "net earnings from self employment" are considered—whether or not such wages or earnings are derived from employment covered by the Social Security Act. Income which is neither wages nor net earnings from self-employment is not counted. Thus, persons who are wealthy or have private investments, and who receive income from interest, dividends and rentals from real estate or any amount of income from pensions or annuities may do so without having any reductions in OASDI benefits.

Mr. President, when this retirement test was put into law, in 1935, there might have been valid reasons for discouraging older workers from working past an arbitrary retirement age. This was during the depression years when it was necessary to increase job oppor-

tunities for younger workers. However today's high economy does not need such restrictive measures. By keeping these older persons from working, we are in effect, depriving this country of valuable skills and productivity.

Also, the Federal Government has been engaged in a campaign within the past 5 years to prohibit and to discourage the discrimination against workers because of age, and to encourage the hiring and retention of older workers.

The income limitation test discriminates against those individuals who can afford it least—those who must work to supplement their benefits. When we consider that the average social security benefit which is received at this time is approximately \$2,000 per year, it is obvious that many individuals have to work. This provision causes a great deal of hardship in cases where the individual has need for more income than social security benefits can provide. That is why I propose to increase this limitation to \$3,000 per year.

Mr. President, these people should not be penalized; rather they should be commended for the desire to go out and continue to work for themselves and contribute to the upbuilding of their communities and the Nation itself.

Mr. President, I think that about sums it up.

Mr. FANNIN. Mr. President, the Senator has a very meritorious amendment. Similar amendments have been considered over the years and in recent months have been discussed in the committee. But the consideration involved has been the barrier.

As I understand the amount involved would be in the neighborhood of \$600 million.

Mr. ROBERT C. BYRD. About \$800 million, I am told.

Mr. FANNIN. \$800 million?

Mr. ROBERT C. BYRD. Yes.

Mr. FANNIN. That is the limiting factor as to whether or not we can take a jump of that magnitude, with the budget that is now certainly above what was anticipated, and creating the further problem that if we do not know exactly what it is to be, the problem could be greater.

I ask the Senator if he has any method of financing this additional amount that would be involved?

Mr. ROBERT C. BYRD. I do not provide for the financing of the additional cost in this amendment.

Mr. FANNIN. But the cost would be in the neighborhood of \$800 million?

Mr. ROBERT C. BYRD. That is correct.

Mr. CURTIS. Mr. President, would the distinguished Senator advise us what the cost of the proposal would be, the yearly cost?

Mr. ROBERT C. BYRD. About \$800 million, I am advised.

Mr. CURTIS. That would be recurring every year?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. CURTIS. Does the Senator provide any financing?

Mr. ROBERT C. BYRD. I do not in this amendment.

Mr. CURTIS. Is the Senator aware that the goal that the committee adhered to for many years was to have at least 1 year's reserve in the trust fund, and that is down now to 70 percent a year?

Mr. ROBERT C. BYRD. I am sure the Senator is correct in his statement.

Mr. CURTIS. Mr. President, I again remind the Senate that this is one of the dangers of these proposals on the floor. Here we are increasing benefits by almost \$1 billion with no provision to pay for it. It would further deplete the reserve which is down now to less than a year.

I thank the Senator for yielding.

Mr. ROBERT C. BYRD. Mr. President, I think the record should show that it is quite traditional around here to add these social security amendments on the floor without accompanying them at the time with a self-financing provision.

Mr. CURTIS. Not so on the part of the Committee on Finance.

Mr. ROBERT C. BYRD. I agree with the Senator. I am not a member of that distinguished committee.

Mr. CURTIS. That is why I believe the Senator should take all these amendments to the committee and convince the committee. They are not hard to convince.

Mr. ROBERT C. BYRD. I agree. What I said is not true on the part of the Committee on Finance, but it is true, I think, on the part of most Senators who are not on the Committee on Finance, as I am not, and who come to the floor with what they consider meritorious amendments. Ordinarily, they are not required to crank into those amendments a self-financing provision.

I am not stepping beyond the limits today. The cost would be 0.15 of 1 percent of payroll, and although it does not sound like a great deal, it amounts in totality to a considerable amount of money. But this is something the conferees ordinarily, in regard to many amendments, work out in conference, as to the financing aspect.

Mr. CURTIS. The conferees have no authority to impose a tax that is neither in the House version nor the Senate version.

Mr. ROBERT C. BYRD. I think the Senator does not want to crucify me on that cross at this point. Senators from time to time, and I included, have offered amendments on the floor of the Senate without including self-financing provisions. I am not a member of the Committee on Finance.

Mr. CURTIS. It is not the Senator who is being crucified in this matter, but the poor kids, the poor people working, who are 20 and 30 years of age. They are having the stability of the social security system eroded.

Mr. ROBERT C. BYRD. I am certainly not in favor of undermining the social security trust fund, but when we talk about those people who are 20 and 30 years of age, I can remember a time in this country when there was no social security program, and all that the old folks could do when they could no longer work was stand at the gates of their children with their hats in their hands or go over the hill to the poorhouse. It

did not only constitute a problem for the parents; it was also an additional burden on those young people 20 and 30 years of age who were trying to rear families and for whom the burden of taking care of a parent was a burden which was just economically unbearable. The social security program relieved the young people of that burden.

So there are two or three things to be said when we start talking about people in this country who are 30 or 40 years of age. The social security program has also benefited them because it has aided in the care of their parents who otherwise would be a burden on them.

I recognize that the Senator raises a valid point about the additional cost of this amendment and no provision for financing that cost, but Senators have done this before on the floor. It is a valid point to be raised, but this has been done before. Many Senators who are not on the Finance Committee who have offered amendments increasing the cost have not included in their amendments means for financing the cost.

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

Mr. ROBERT C. BYRD. I yield.

Mr. AIKEN. Suppose the beneficiary would receive Federal payments of \$3,000 and earned \$3,000 more. How much of that would be subject to income tax?

Mr. ROBERT C. BYRD. Would the Senator restate the question?

Mr. AIKEN. Suppose the beneficiary's income from Federal payments is \$3,000 and he earns \$3,000 more, as proposed by the Senator from West Virginia. How much of that would be liable to income tax?

Mr. ROBERT C. BYRD. I am advised that it would be very, very little.

Mr. AIKEN. It would be very little, I am sure.

Mr. ROBERT C. BYRD. Yes.

Mr. AIKEN. But suppose he is 70 years old and he gets \$3,000 in Federal payments and he is a retired doctor or dentist or lawyer and earns \$8,000 more, making a total income of \$11,000. He would be subject to income tax on what part of that?

Mr. ROBERT C. BYRD. I am advised he would be subject to none on the \$3,000 in social security benefits and the first \$3,000 of earnings would not be subject to tax.

Mr. AIKEN. But if he earned—

Mr. ROBERT C. BYRD. An additional \$5,000?

Mr. AIKEN. Say \$9,000; that would make \$12,000 in all. He would pay an income tax on how much of that?

Mr. ROBERT C. BYRD. I am advised that in the hypothetical case, he would pay it on about \$6,000.

Mr. AIKEN. He would pay how much?

Mr. ROBERT C. BYRD. He would pay a tax on not more than about \$6,000.

Mr. AIKEN. Not more than \$6,000. So \$6,000 would be deductible. I am assuming he would be single.

I was just wondering, with this additional cost that has been estimated, whether there would be any recompense from income tax receipts.

Mr. ROBERT C. BYRD. To some de-

gree. Not a considerable degree. I am not prepared to be precise.

Mr. AIKEN. I am not, either. If I were, I would not ask the question.

Mr. CURTIS. Social security benefits are not taxable.

Mr. ROBERT C. BYRD. The social security benefit itself, as the distinguished ranking minority member of the committee has said, is not taxable; but after he has used his personal exemptions and standard deductions, there would then begin to be an income tax for him, as for anyone else.

Mr. AIKEN. I think that answers it as closely as we can get it.

Mr. ROBERT C. BYRD. I thank the Senator for his question.

Mr. President, would the Senator like to go to a vote now?

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

Mr. ROBERT C. BYRD. I yield.

Mr. TOWER. I would like to rise in support of the amendment offered by the Senator from West Virginia. It is similar, except in one respect, to an amendment I introduced in behalf of myself, and Senators DOMINICK, COOK, EASTLAND, PASTORE, and YOUNG.

Mr. President, I ask unanimous consent that Senators BARTLETT, BUCKLEY, and DOLE be added as cosponsors of my Amendment No. 639.

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

Mr. TOWER. Mr. President, what I would like to do is make a few remarks which I think address themselves primarily to my amendment, but which I think are applicable to the amendment of the Senator from West Virginia, and at the end of that see if the Senator from West Virginia would support an amendment to his amendment.

Mr. ROBERT C. BYRD. Very well.

Mr. TOWER. Mr. President, this amendment would increase the retirement test under social security from \$2,400 to \$3,000 and reduce the age of applicability under the test from age 72 to 70. The issue has been debated previously in the Congress and if my memory serves me correctly, the Senate has on two occasions recently approved the \$3,000 level.

Mr. President, there is not one specific issue concerning social security legislation that is considered more important by my constituents than improvements in the social security earnings ceiling or retirement test. Every day my office receives correspondence from Texans complaining about the current provisions in the law and asking what could possibly be the rationale for the continuation of this test and the policy behind it. Quite frankly, I have no answer to these inquiries except to say that I intend to continue my efforts to liberalize the retirement test.

At a time when the gerontologists have made it more than clear that continued productive work by our senior citizens is directly related to continued good health, there is no rational basis for this type of provision in the law. Moreover, at the same time that we are penalizing senior citizens from continuing

or regaining a position in the work force, there are Federal grant-in-aid programs that call for increased employment opportunities for senior citizens. This is an inconsistent Federal policy that requires reform.

I strongly believe that Americans who have contributed to the social security trust fund have a vested right to benefits commensurate to such contributions. This right becomes vested upon the making of contributions over a minimum eligibility period and the Government should not have the power to withhold such benefits because the individual is still engaged in gainful employment. Such criteria is totally unrelated to the contribution made.

I recognize that improvements have been made in recent years. The calling has been increased from \$1,680 to \$2,400, an automatic increase provision geared to the consumer price index has been enacted, and no longer can an individual lose a full dollar in benefits for every dollar he earns. Further liberalizations need to be made and the amendment I now offer is similar in substance to proposals the Senate has approved in the past.

Furthermore, reducing the age of applicability from 72 to 70 is not a new approach since up until 1954 the cutoff date was 75.

Mr. President, let me remind the Senate that I am not calling for the elimination of the test. If it were the practical thing to do, from both a fiscal and political standpoint, I might so move. The amendment is instead the most feasible approach available to obtain some equity for our senior citizens. We all realize that inflation hurts those the most that are living on fixed income; because millions of senior citizens live primarily on social security benefits many of them supplement these payments with part-time work, ranging from a few hours of work a week to 30 to 40 hours. This type of activity should not be discouraged.

Mr. President, at this time I ask unanimous consent to have inserted in the RECORD an editorial from the June 18 edition of the Dallas Times Herald endorsing this proposal.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### ATTACK ON AN INJUSTICE

Not for the first time, we rise to the support of an effort to let Social Security recipients earn more money without forfeiting any of their benefits. The current ceiling on outside income a recipient can draw without penalty is \$2,100. Sen. John Tower thinks it ought to be \$3,000 and has offered a bill to that effect. Under the Tower bill, moreover, the recipient would escape altogether from that ceiling at age 70, instead of the present 72.

To us, the earnings test seems one of the really outrageous aspects of Social Security. The principle behind the thing is awry. If a man contributes for all his working life to Social Security, then he is entitled to Social Security benefits. Period.

It is for actuarial reasons that the very low earnings ceiling obtains. But that is insufficient justification, since the powers that be have seen fit to make Social Security compulsory. If we have no more choice about

joining than a steer has about journeying to the stockyards, then we have a right to expect that as few penalties as possible should attach to membership.

The \$2,100 earnings ceiling—which, admittedly, is better than the pre-1973 ceiling of \$1,680—is one of the tangible penalties. What it amounts to is a real disincentive to work beyond retirement age. One had thought that if an American wanted to make some extra cash it was not only his God-given right, but a boon to himself, his family, and his neighbors. We still think it is all of that, and no amount of film-flammy about actuarial considerations can make it otherwise.

Ideally, no earnings test ought to be in the Social Security law at all. As the law was originally written, in 1935, there wasn't one. Still, Congress seems to buy the argument that, to some extent at least, Social Security is a contract to quit work. Tower's present objective seems about the most that can realistically be achieved, and we heartily endorse it.

Mr. TOWER. Mr. President, I wonder if the Senator from West Virginia would consider accepting an amendment, if he has a copy of my amendment 639 there, starting at the bottom line, line 8, to attempt to provide for the reduction of age from 72 to 70.

Mr. ROBERT C. BYRD. Mr. President, I think the suggested modification is a very good one. I would accept it. I do not know what the Senate will want to do. However, I would be glad to accept the modification.

The PRESIDING OFFICER. Would the Senator please send the modification to the desk?

Mr. CURTIS. Mr. President, has the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered on this amendment.

The amendment is so modified. Would the Senator please send the modification to the desk?

The modification is as follows:

(b) (1) Subsections (c) (1), (d) (1), (f) (1), and (j) of section 203 of the Social Security Act are each amended by striking out "seventy-two" and inserting in lieu thereof "seventy".

(2) Subsection (h) (1) (A) of such section 203 is amended by striking out "the age of 72" and "age 72" and inserting in lieu thereof in each instance "age 70".

(3) The heading of subsection (j) of such section 203 is amended by striking out "Seventy-two" and inserting in lieu thereof "Seventy".

(c) The amendments made by the preceding provisions of this Act shall apply only with respect to taxable years beginning after December 31, 1973.

Mr. CURTIS. Mr. President, I would like to ask the sponsor of the amendment what the cost will be to lower that from the age of 72 to the age of 70.

Mr. TOWER. The estimate is around \$150 million the first year.

Mr. CURTIS. How much thereafter?

Mr. TOWER. And that approximate amount in subsequent years.

Mr. CURTIS. And what is the cost of raising the present \$2,400 to \$3,000?

Mr. TOWER. Approximately \$600 million.

Mr. CURTIS. Is there a provision in the amendment of the distinguished Senator from West Virginia, which has now been modified, for any increased taxes?

Mr. TOWER. There is no such provision. As a matter of fact, I think this has been covered in colloquy with the Senator from Nebraska.

Mr. CURTIS. But, of course, the bid has gone up since then. At that time we were talking about a proposal for \$800 million. We have now added \$150 million to that and other \$600 million. That totals about \$1.5 billion.

Mr. TOWER. No. We calculate that the cost of the amendment of the Senator from West Virginia prior to this amendment would be about \$600 million, and my amendment would add about \$150 million.

Mr. CURTIS. But the Senator has two amendments. He wants a vote on them back to back. They will cost \$1.5 billion with no provision to recover a dime for the social security fund.

I am not quarreling with any Senator for his feeling that the work test ought to go to \$3,000. I am not quarreling with any Senator who feels that the age of 72 as being the time when they can earn all they want should go to age 70. However, I am opposed to doing it on the floor because if the committee could do it, it could call in actuaries and experts and find out the cost. We could protect the social security fund.

It used to be that the fund had a sizable amount of money in it, enough to last for several years. Then under the premise followed by the Finance Committee, we determined that we ought to have at least a year. We may come to the time when the social security taxes coming in will drop down. If that happens, more people will take retirement and the outgo will increase. We have already dipped below the 1-year reserve. We are down to 70 percent of a year. And here on the Senate floor we have two amendments calling for an expenditure of more than \$1.5 billion with no provision to recover the money for the fund.

There might be a very good reason for changing the age from 72 to 73 as being the age when people could earn all they wanted. However, because I am interested in the soundness and the stability of the system, I think it ought to be done in committee and not on the floor of the Senate.

There is another question that I think should be answered. It is already written into the law that the work test goes up automatically. It is \$2,400 now. By 1975, it will be \$2,520. By 1976, it will be \$2,640. By 1977, it will be \$2,880.

I wonder if the authors of the amendment are repealing this built-in increase of earnings or if they are proposing that we start at \$3,000 and that then in the years ahead the escalator clause built in the law should take effect. If that is the case, we ought at least to know what the figures are for the escalation and the cost of it.

Mr. President, I am not being fooled. I have no hope of winning on these rollcall votes. However, if I was not concerned about the financial stability of our social security fund, I would not raise these points.

I think the time has come when we

should return to the principle that if we increase social security benefits, we should increase the tax.

I do not think that any other course is a responsible course for the U.S. Senate to follow.

Mr. President, there is a lot to be said about social security financing. The Finance Committee itself has not done too well on that. The last two raises or so have been financed by taxing a part of the people only. There was a time when if we increased social security benefits, we raised the rate. The rate was raised and also the wage base. They both carried part of the load.

That was not a political thing to do. If we refrain from raising the rate and raise the base from \$10,000 to \$12,000 or from \$12,000 to \$14,000, then the politicians could go home and say to everybody who makes less than \$10,000: "We have raised your social security under a scheme in which there will be no increase in your social security taxes."

I do not believe that all of these added costs should be raised by increasing the rate. However, I do say that part of it should be.

If we believe in our social security system, if we believe that increases in benefits are sound and justified, let us have the courage to say so and to say that it will increase the tax rate so much.

Mr. President, I want the record clear, I voice no criticism of anyone who feels that benefits should be raised, that rates should be lowered, and that beneficiaries should be allowed to earn more. I do say that should not be done on the floor of the Senate—not to protect the pride of position of the Finance Committee, but merely so that the cost could be explored, so that we could add up all of the proposals for increases, see what they do to our system, and then try to work out a method of financing.

Mr. President, I have no hopes of winning on this rollcall. I yield the floor.

Mr. TOWER. Mr. President, I recognize the cost of this amendment and, as one who is very concerned with the increasing burden which the social security system is having on lower- and middle-income people, that there is a definite need for the Congress to act with a sense of restraint on the pending measure. Nevertheless, this is the type of argument that is more appropriately raised against some of the other amendments to the bill, such as the amendment we approved yesterday on prescription drugs. While that amendment and others we will consider have merit, they are measures to expand an already threatened actuarial system.

On the other hand, the amendment I offer is not as vulnerable to such attack. This is so because the liberalization of retirement test is not really an action to expand the system as such; the retirement test is nothing more than a penalty provision—penalizing Americans for staying in the work force—penalizing Americans who already have a vested interest in retirement benefits. This cannot be said in the case of expanding eligibility in either the cash benefits area or medicare.

Mr. President, I have talked with a number of elderly people in my State. I will not say this is true for the majority of them, but a substantial minority of the elderly people feel that increasing the allowable income under the retirement test is actually more important to them than an increase in social security benefits themselves. So I hope the Senate will look favorably on the amendment offered by the Senator from West Virginia, as amended, and will adopt it.

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

Mr. TOWER. I yield to the Senator from Illinois.

Mr. PERCY. I would like to address this question either to the distinguished Senator from West Virginia, the author of the amendment, or the distinguished Senator from Texas:

Even though the cost of this amendment has been outlined as some \$800 million, plus \$150 million because of lowering the age of applicability as suggested by the Senator from Texas, is it not true that if people are living below the poverty line, they then are eligible to apply for public assistance, and that these costs come out of the same pocket—the taxpayer's—in the long run? And is it not true, then, that it would be much more dignified for those people who have worked all their lives, or who are widows or spouses, or men who worked all their lives, to have assistance in the form of an increase in the earnings limitation under social security, rather than being forced to go the degrading route—which many of them refuse to do—of the welfare check?

Mr. TOWER. The Senator from Illinois is certainly correct. And as an added note to that, the gerontologists tell us that elderly people who are engaged in work are more likely to maintain good health. In that my mother is one of the healthiest women of her age I have ever seen, and has never stopped working, I think I can give first-hand attestation to that. I think it is a verity, and could be considered as something that might conceivably offset the additional cost to the Government, the fact that people who are engaged in employment, working at some constructive pursuit, are more likely to be in good health than those simply sitting around and not having that opportunity.

Mr. PERCY. I thank the distinguished Senator for his comment, and would simply like to state, as the ranking Republican member of the Senate Select Committee on Nutrition and Human Needs, that we have found a great many of the elderly who are malnourished. They are eligible for Federal assistance for hospital and medical costs, but the doctors tell us that one of the best ways to keep a person healthy later in life is for him to have adequate nutrition.

Mr. TOWER. That is right.

Mr. PERCY. It is only when they do not have adequate nutrition, many times, that they become sickly and weak, and must resort to expensive medical care.

It is perfectly all right for them to get their medical costs out of one hand, but we are reluctant to give the cost of preventive medicine—of adequate nutri-

tion—out of the other, when it all comes from the same source anyway.

We have had many people testify before the committee that they will not go the degrading route of asking for public assistance, they simply make do with less resources; but, when you have fixed incomes and a constant increase in fixed costs, there is no place to make up the difference except in the flexible items such as food costs.

I think it is well for us to recognize that one cannot live on \$2,400 a year, and that to take away a part of social security after a retired person earns that much, to me, is penny wise and pound foolish. I do not believe these are real, net costs. They may be gross costs, but not net costs, and for that reason I firmly support the principle of the amendment of the Senator from West Virginia, as modified by the Senator from Texas.

Mr. TOWER. I thank my colleague from Illinois, and would simply say I believe his logic is unassailable, and that it has contributed a great deal to this debate.

Mr. THURMOND. Mr. President, on October 30 of this year, I introduced S. 2637, a bill which would completely eliminate from title II of the Social Security Act the limitation upon the amount of outside income which an individual may earn while receiving social security benefits.

As the law now stands, social security beneficiaries under the age of 72 have their benefits reduced by \$1 for every \$2 they earn in excess of \$2,100 per year. This is the so-called retirement test or earnings test.

Mr. President, the reasons which motivated the institution of this test in 1935 are not valid today. The policy of discouraging older workers from working past the arbitrary retirement age of 65 originated during the depression when it was necessary to increase job opportunities for younger workers. Such a restrictive measure is totally unnecessary in today's high-employment economy.

There can be no doubt as to the natural impact of this limitation. Many older persons are pressured into not working for fear of losing their benefits. As a result of this, a vast pool of valuable skills acquired through years and years of hard, honest work are totally lost to our country.

Mr. President, such a limitation, flies in the face of a fact widely accepted by the Federal Government, gerontologists, and others concerned with the health of the elderly. That fact is that the hiring and retention of older workers in all aspects of the economy is very "good medicine" for the elderly. It should be encouraged in every way possible, and removing this limitation is one way to do precisely that.

In my opinion, this aspect of the social security program is illogical and inequitable. Income from investments is not counted in determining whether benefits shall be reduced. Thus, a rich man who has thousands of dollars in dividends and interest coming in every year can sit back and collect his full check every month. On the other hand, the poor man who never had the time, much

less the money, to enter the world of investments, and who might need to continue working as a matter of economic survival for himself and his family, cannot work without being subject to this penalty. This is simply not right.

Mr. President, I still believe that the earned income limitation should be completely removed from the social security laws. However, I also realize, as a practical matter, that the Senate is not likely to take this action today. Under the present structure of the social security laws, such action would simply be too expensive. Nevertheless, I am committed to the principle that barriers to work should be removed, and thus it is my pleasure to endorse, and to join as a cosponsor of, the Robert Byrd amendment to accomplish this purpose.

I might say, Mr. President, that I have previously joined the Senator from Texas (Mr. TOWER) on an amendment similar to this one of Senator ROBERT C. BYRD.

The amendment is a step in the right direction and I urge all my colleagues to join in this effort to bring this meaningful reform to the social security system.

Mr. BUCKLEY. Mr. President, I subscribe wholeheartedly to the reasoning both of the Senator from Texas (Mr. TOWER) and the Senator from South Carolina (Mr. THURMOND). As a matter of fact, I had drafted and was prepared to offer an amendment to the Tower amendment that would have had the effect of gradually scaling down the age limit and increasing the ceiling on earnings, to the end that by 1980 there would be no restrictions whatever on the ability of social security recipients to continue to earn what they were capable of earning.

I believe the present system is arbitrary. I believe it is unfair. I believe it is destructive of the best interests of the aged.

I am, however, very much taken by the force of the arguments advanced by the Senator from Nebraska (Mr. CURTIS). We cannot operate in a fiscal vacuum. I share his concern over the possibility that we may bankrupt the social security system. I, therefore, will not offer my amendment No. 734. Although I will vote for the Tower amendment as signaling the direction in which we should move. I would like to take this occasion, Mr. President, to urge the Finance Committee to consider how best we can phase our way out of these restrictions in a minimum amount of time and with adequate financing.

I declare now that I will introduce my amendment in the form of a bill, independently of this debate, and will ask that it be considered seriously by the committee.

Another aspect that concerns me, and is relevant to the financing of social security, has to do with how one should treat social security income and how one should treat earned income.

I believe that if we were to consider classifying social security income as taxable while providing for an exemption equal to the higher amount of the social security receipts, or the personal income

tax exemption that is provided in the Internal Revenue Code; if we were to do that, then every dollar earned by the elderly over and above social security receipts would be taxable and therefore would go to the Federal Treasury.

In other words, such a system would impose no additional burden on those living wholly on social security, but it would accelerate the tradeoff between the expenses to the social security system caused by eliminating restrictions on earnings and the moneys flowing into the Treasury.

Mr. HELMS. Mr. President—  
The PRESIDING OFFICER (Mr. PEARSON). The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I think the most interesting aspect of this discussion this afternoon has been that everyone agrees with everyone else. Certainly, the Senator from Nebraska (Mr. CURTIS) is eminently correct in his warning that the social security system can easily be bankrupted.

On the other hand, the Senator from West Virginia (Mr. ROBERT C. BYRD) is right on target with his proposal, and the Senator from Texas (Mr. TOWER) is right on target with his proposal. I think that what we are doing is admitting that social security is in a mess and needs a complete overhaul. It has reached the point that it is regarded by many citizens as a boondoggle and a bleak heritage for the young people of today who will have to pay, throughout their lives, for our failure to do our duty. It is high time that Congress took a look at the whole system.

If these two amendments are agreed to, I intend to withdraw my amendment No. 740. I confess that I did not submit it with the idea that it would be approved by this Senate; I submitted it purely for the purpose of calling attention to the fact that we are imposing upon elderly citizens a burden that they should not bear; namely, the burden of idleness, particularly in a time when their services are needed, when they could legitimately and properly earn additional revenue to offset the ravages of inflation.

I have another amendment, which I shall call up presently. It relates to the whole problem of social security as it pertains to inflation. Inflation is the reason why we are having this difficulty. It is the reason why the political football called social security is being kicked around two or three times at every session of Congress. If we can somehow, bring inflation under control, then our problems with social security will also be brought under control. The only way we are going to bring inflation under control in this country is by balancing the Federal budget. And that is the purpose of the amendment which I shall call up in a few minutes.

Mr. TOWER. Mr. President, on this amendment, I ask for the yeas and nays. The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent at this point that certain Senators be added as cosponsors of the amendment. They are Senators RANDOLPH, ALLEN, AIKEN, DOMINICK, THURMOND, HELMS, BIDEN, PERCY,

STEVENS, CHURCH, TOWER, BARTLETT, BUCKLEY, DOLE, BAYH, GRAVEL, HARTKE, CANNON, SCHWEIKER, WILLIAMS, HUMPHREY, and RIBICOFF.

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

Mr. DOLE. Mr. President, I wish to express my support for the amendment offered by the distinguished Senator from West Virginia as amended by the Senator from Texas. The amendment would raise to \$3,000 the amount of additional wages which can be gained by a social security recipient before he receives any reduction in his social security benefits. The amendment would also lower from 72 to 70 the age above which the income limitation has no impact.

I have joined as a sponsor of this amendment and feel that fairness dictates that the amendment be approved. It is unreasonable for the Social Security System to continue to penalize our older citizens merely because they wish to continue employment and maintain an earned income beyond the age of 65. If an individual has worked the required number of years to become eligible for social security benefits, he should be able to enjoy them in full even if he wishes to continue employment.

Social security payments are not gratuities made available by the Federal Government. They are simply a repayment of our own earnings which we have deposited in trust as a regular contribution from our salaries. They are payments we have contributed along with our employers.

The earnings ceiling logically makes no sense because the funds are our contribution in the first place. But even more shocking is the fact that the beneficiary most often penalized by the income limitation is the individual who has the greatest need for more income than his social security benefits can provide. Individuals who have had the good fortune of amassing some wealth prior to their retirement and who usually do not have a great need for additional income are not affected by the income limitation. As strange as it may seem, income from bonds, stocks, investments, copyrights, patents, rentals, dividends, and other pensions is not counted as income in determining whether the income limitation has been reached and social security benefits should be reduced by \$1 for every \$2 of additional income. It is only individuals who continue to work and earn wages who are penalized by the income limitation, and it is these individuals who unfortunately most often have the greatest need for the additional funds.

The impact of inflation on our older residents has made it necessary for them in many instances to obtain income from sources other than social security. This in itself is another reason for raising the income limitation. I am hopeful that the 11-percent social security increase authorized in this legislation will help relieve some of the financial pressures which have forced some of our older citizens back to work. But those social security eligibles who continue to be employed beyond age 65 merely because

they enjoy the pleasures of their work and the additional income that they receive for it should be able to work without suffering a reduction in their social security benefits.

Therefore join in support of the amendment and am hopeful that as the Social Security Trust Fund is better able to bear the financial stress of additional payments, the income limitation can be raised even higher and eventually removed from the law.

Mr. THURMOND. Mr. President, I shall vote "present" on the amendment to lower the age from 72 to 70 for recipients of social security to begin receiving benefits, since I would be personally affected by the outcome of the vote.

For a long time I have favored allowing recipients of social security to earn up to \$3,000 a year without having the social security benefits affected. No impediment should be allowed that will discourage people from working.

Mr. DOMENICI. Mr. President, I rise again today in support of Amendment No. 639, a separate bill, S. 1982, I had earlier cosponsored before it was offered as an amendment to H.R. 3153. This amendment would raise the ceiling on outside earnings to \$3,000 before deductions in Social Security benefits are made and would also lower from 72 to 70 the age at which no deductions are made for outside earnings.

As the law now stands, social security beneficiaries under the age of 72 have their benefits reduced by \$1 for every \$2 they earn in excess of \$2,100 per year.

It seems obvious to me that the reasons which motivated restrictions on outside earnings have their roots in the depression era. In fact there were the years in which this legislation was initiated. The idea was to force out older workers, leaving jobs open for younger wage earners supporting families.

The impact of this restriction in today's world has a most disadvantageous effect. Many older persons are pressured into not working for fear of losing their benefits. As a result, a vast pool of valuable skills acquired through years and years of hard work are totally lost to the country. This loss, however, is minuscule, when compared to the loss an older person feels when realizing his new status in our society is equivalent to the status of "noncontributor."

Mr. President, I have received many letters from elderly citizens in New Mexico carefully detailing the effect of the present very low outside earnings limitation. These are citizens who have worked all their lives and have contributed their share of social security taxes. They have placed a high value on the work ethic. They have been concerned with contributing rather than with taking.

Now that it is time to "take," the benefits are eliminated by unreasonably low restrictions on outside earnings.

Even beyond these obvious facts, it is obvious to me that it is the poor who suffer most from outside earnings limitations. If our senior citizens are willing and able to work, it seems to me that they should not be penalized for doing so.

I would even be willing to consider the removal of all earnings limitations. This amendment to raise the earnings limitation and to lower the age limit is certainly a step in the right direction. I urge my colleagues to support this proposal.

SENATOR RANDOLPH SUPPORTS EFFORT TO HELP ELDERLY CITIZENS

Mr. RANDOLPH. Mr. President, it is a privilege to cosponsor the amendment by my distinguished and able colleague from West Virginia (Mr. ROBERT C. BYRD) to raise the outside income limitation to \$3,000 for America's social security beneficiaries. The cruel vice of limited income and soaring inflation has squeezed our Nation's elderly citizens beyond endurance. Too many who have worked for most of their lifetimes suddenly discover the retirement dream turned into a nightmare of sacrifice and deprivation. The shining vision of the so-called golden years is not fulfilled. Witnesses before the Senate Special Subcommittee on Aging, of which I am a member, have repeated stories of desperate struggle and near starvation.

Mr. President, the present limitation of \$2,400 of income earned outside of social security benefits is totally unrealistic in these inflationary times. Rising food, shelter, and medical costs leave a major segment of our elderly population defenseless and helpless. It is our responsibility, indeed our duty, as a humane nation to work for programs to assure worthy older Americans the dignity, decency, and security of a full life. They must have sufficient income support and adequate health care. To do less would be to say to the nearly 29 million older Americans who have endured wars, depression and now runaway inflation: "We appreciate your sacrifices, your faith in the fairness of our system of government, and the promises we made, but we doubt that we can help you now."

Mr. President, I urge my fellow Senators to turn momentarily from the many problems and crises being thrust on us, and look into the puzzled and pleading eyes of this legion of needy Americans. I urge support of the amendment. In approving this proposal we will be telling our older citizens: "We do not forget."

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on the pending amendment occur immediately following the vote on the amendment lowering to age 55, the term at which widows would be eligible to receive benefits.

The PRESIDING OFFICER. Is there objection, The Chair hears none, and it is so ordered.

The question now is on agreeing to Amendment No. 728. The yeas and nays have been ordered.

Mr. ROBERT C. BYRD. Mr. President, this is the amendment which would allow widows to elect to receive actuarially reduced benefits at age 55 rather than at age 60, as under present law.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTOYA), the Senator from Texas (Mr. BENTSEN), and the Senator from Iowa (Mr. HUGHES), and the Senator from Iowa (Mr. CLARK) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON), is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE) and the Senator from Iowa (Mr. CLARK) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from Wyoming (Mr. HANSEN) is detained on official business. The result was announced—yeas 74, nays 13, as follows:

[No. 527 Leg.]

YEAS—74

Abourezk	Griffin	Muskie
Aiken	Gurney	Nelson
Allen	Hart	Nunn
Bayh	Hartke	Pastore
Beall	Haskell	Pearson
Bible	Hatfield	Pell
Biden	Hathaway	Percy
Brock	Helms	Proxmire
Brooke	Hollings	Randolph
Buckley	Huddleston	Ribicoff
Burdick	Humphrey	Saxbe
Byrd, Robert C.	Inouye	Schweiker
Cannon	Jackson	Scott, Hugh
Case	Javits	Sparkman
Church	Johnston	Stafford
Cook	Kennedy	Stennis
Cotton	Long	Stevens
Cranston	Magnuson	Stevenson
Dole	Mansfield	Taft
Domenici	Mathias	Talmadge
Dominick	McClellan	Thurmond
Eagleton	McIntyre	Tower
Eastland	Metcalf	Weicker
Fulbright	Mondale	Williams
Gravel	Moss	

NAYS—13

Bartlett	Chiles	Goldwater
Bellmon	Curtis	Hruska
Bennett	Ervin	Roth
Byrd,	Fannin	Tunney
Harry F. Jr.	Fong	

NOT VOTING—13

Baker	McClure	Scott,
Bentsen	McGee	William L.
Clark	McGovern	Symington
Hansen	Montoya	Young
Hughes	Packwood	

So Mr. ROBERT C. BYRD's amendment was agreed to.

The PRESIDING OFFICER. The issue now before the Senate is the unprinted amendment of the Senator from West Virginia (Mr. ROBERT C. BYRD), as modified. The yeas and nays have been ordered.

Mr. ROBERT C. BYRD. Mr. President, for the information of Senators, this amendment raises the income-earning level from the current \$2,400 a year to \$3,000 a year, and carries with it a modification by the Senator from Texas (Mr.

Tower) lowering the age from 72 to 70, at which there is no limit.

Mr. BAYH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Is this an appropriate time to add the names of cosponsors?

The PRESIDING OFFICER. It is. The Chair will advise that it is proper by unanimous consent.

Mr. BAYH. Mr. President, I ask unanimous consent that the names of the following Senators may be added as cosponsors of amendment No. 728 and the pending amendment: Senators BAYH, HARTKE, CANNON, SCHWEIKER, RIBICOFF, HUMPHREY, and GRAVEL; and that the name of Senator CHILES be added as a cosponsor of the pending amendment.

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

On this amendment, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll. Mr. THURMOND (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Iowa (Mr. CLARK), the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK), and the Senator from Wyoming (Mr. MCGEE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from Wyoming (Mr. HANSEN) and the Senator from Ohio (Mr. SAXBE) are detained on official business.

The result was announced—yeas 83, nays 1, as follows:

[No. 528 Leg.]

YEAS—83

Abourezk	Cotton	Hollings
Aiken	Cranston	Hruska
Allen	Dole	Huddleston
Bartlett	Domenici	Humphrey
Bayh	Dominick	Inouye
Beall	Eagleton	Jackson
Bellmon	Eastland	Javits
Bible	Ervin	Johnston
Biden	Fannin	Kennedy
Brock	Fong	Long
Brooke	Fulbright	Magnuson
Buckley	Goldwater	Mansfield
Burdick	Gravel	Mathias
Byrd,	Griffin	McClellan
Harry F. Jr.	Gurney	McIntyre
Byrd, Robert C.	Hart	Metcalf
Cannon	Hartke	Mondale
Case	Haskell	Moss
Chiles	Hatfield	Muskie
Church	Hathaway	Nelson
Cook	Helms	Nunn

Pastore	Roth	Stevenson
Pearson	Schweiker	Taft
Pell	Scott, Hugh	Talmadge
Percy	Sparkman	Tower
Proxmire	Stafford	Tunney
Randolph	Stennis	Welcker
Ribicoff	Stevens	Williams

**YAYS—1**

Curtis

**ANSWERED "PRESENT"—1**

Thurmond

**NOT VOTING—15**

Baker	McClure	Scott,
Bennett	McGee	William L.
Bentsen	McGovern	Symington
Clark	Montoya	Young
Hansen	Packwood	
Hughes	Saxbe	

So Mr. ROBERT C. BYRD's amendment, as modified, was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the previous amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**AMENDMENT OF THE SOCIAL SECURITY ACT**

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

**AMENDMENT NO. 732**

Mr. HELMS. Mr. President, I call up my amendment No. 732 and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The second assistant legislative clerk read as follows:

At the end of the bill add a new title as follows:

SECTION 1. Beginning with the fiscal year 1975, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

SEC. 2. (a) Beginning with the fiscal year 1975, the President shall submit a budget pursuant to the Budget and Accounting Act of 1921, as amended, in which non-trust-fund expenditures do not exceed non-trust-fund revenues for each fiscal year.

(b) The provisions of this section may be adjusted to reflect any additional revenues of the Government received during a fiscal year resulting from tax legislation enacted after the submission of the budget for such fiscal year.

The PRESIDING OFFICER (Mr. DOMENICI). The Senate will be in order. The Senator from North Carolina may proceed.

Mr. HELMS. Mr. President, I do not propose to take more than 5 minutes because the amendment is so clear that it does not need much discussion.

Mr. President, we are today considering a piece of legislation of astronomical proportions. Despite the rhetoric we might engage in on this floor and despite all the press releases we may issue to our constituents, the real nitty-gritty of the problem of social security lies in the inflation that is paralyzing the future of our young people, and frustrating the lives of senior citizens who are left helpless in trying to exist amidst constantly rising living costs.

I simply say that if we do not balance the Federal budget and thereby curb inflation, we will continue to invoke the inequities and unfairness of the Social Security System.

As matters now stand, the dog is chasing its tail, and the young people of this country in future years will have to pay the price for our failure to face up to our duty.

I point out again that the Federal debt limit was raised by the Senate by another \$10.7 billion on Tuesday of this week. I am advised that the interest alone on the Federal debt already in existence will be \$27.5 billion for the current year.

Mr. President, to reiterate what I have said many times before, this \$27.5 billion tab that the American taxpayers pay—in interest alone on the existing Federal debt—each year amounts to \$52,000 a minute. Or \$878, Mr. President, every time the clock ticks, and this, mind you, is for interest alone on the existing Federal debt.

I say that a remedy such as this amendment sponsored by the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), the distinguished Senator from South Carolina (Mr. THURMOND), and me is absolutely essential if we are really serious about doing something for the older people of this country. And the way to do it is not merely through adjusting the social security law, and increasing the tax burden, but by changing the way of fiscal life in the United States. Our present way of doing things, Mr. President, is simply irresponsible.

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

Mr. HELMS. I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I compliment the Senator from North Carolina for his amendment and for his remarks. I would like to be associated with him.

I am reminded in 1973 of the year 1928 when the country of Austria was going through the welfare statism that we are going through at the present time. They were spending money that they did not have. The Austrian mark was regarded as the cornerstone of world currency.

I remember the warning that came from other countries to Austria at that

time. Austria paid no heed to them. The Austrian mark went bankrupt, and the world depression started.

Mr. President, we are operating with dynamite when we spend money that we do not have. I do not care how nice it sounds to the recipient of social security, it will not do him any good if the dollar goes down the tube. The entire social security system is in danger of collapsing. I do not think that it can withstand the type of abuses we are heaping on it today.

I take this opportunity to thank the Senator from North Carolina for pointing out the dangers to the American people. We will do a great disservice to the American people and to the entire world if we risk bankruptcy and spend money that we do not have.

Mr. HELMS. Mr. President, I thank the Senator from Arizona for his remarks.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina.

Mr. HELMS. Mr. President, I yield to my friend, the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I think that the amendment of the distinguished Senator from North Carolina, the pending amendment, would help to balance the budget if agreed to. It does not help balance the budget that we are now working on. It would become effective for the budget which will be submitted to Congress next January.

It is long past time, Mr. President, it seems to me, when the Government of the United States should get back to balancing its budget. The amendment offered by the distinguished Senator from North Carolina requires that this be done on the new budget to be submitted to the Congress in January.

I emphasize that this measure would not affect the existing budget. It does not affect the budget which Congress is now considering. It would become effective for the budget to be submitted for the new fiscal year.

Mr. President, the American people are being subjected to very severe inflation. These huge budget deficits are the major cause of the inflation.

When Mr. William McChesney Martin, the former chairman of the Federal Reserve Board—who is, I think, one of the ablest financial experts in the world—testified before the Senate Finance Committee about this question, I asked, "How can the average citizen—not the wealthy who can protect themselves one way or the other—but how can the average man or woman in this country protect himself or herself against this very severe inflation which is continuing and which, I think, will continue to accelerate?"

Mr. Martin said:

It is very difficult to do. But I think it is important, if inflation is to be controlled that the Federal spending be controlled.

I said: "Would it be accurate to say that perhaps the best way in which the average citizens of our country can protect themselves against inflation would



be to demand of the Members of the Congress, their elected representatives, that they get back to balancing the budget and eliminate these smashing deficits."

Mr. Martin replied that that was the purport of his testimony, that we eliminate these huge deficits and get back to balancing the budget.

The able Senator from North Carolina is seeking to do just that with his amendment. I am pleased to support him.

Mr. HELMS. Mr. President, let me say that I am always encouraged by the remarks of my friend, the distinguished Senator from Virginia, who has been a leader in the fight for fiscal sanity, as was his distinguished father before him.

I am proud at all times to be associated with him.

Mr. LONG. Mr. President, on a consolidated budget basis, which is the way economists, Democrats and Republicans alike, say that we ought to keep the budget, the administration projects that in this fiscal year Federal Government will take in as much money in taxes as it spends.

Admittedly we will have a deficit on a Federal funds basis, which was the old-fashioned way to keep the budget. However, if we consider the surpluses we build up in our trust funds, we will have a balanced budget. However, we would have a deficit on a Federal funds basis. The pending amendment would require a big cutback in spending, even though we really have a balanced budget overall.

It is the point of view of the overwhelming majority of the economists that we are in good shape and have a balanced budget, but under the Senator's amendment we are now required to cut back on Federal spending. From the point of view of the liberals and moderates in this body that is sort of ridiculous on the face of it: a great big cutback in spending even though we have a balanced budget.

Furthermore, Mr. President, because of the energy crisis, we are in grave danger of a recession. This amendment would mean we could not step up Government spending to keep the recession from becoming a depression. This is Herbert Hoover economics reincarnated. To cut spending if we go into a recession will guarantee the deepest depression since 1929, or one deeper than 1929. That is stone age economics.

Mr. President, quite the opposite of this proposal, I have urged that the administration get their plans ready so that, in the event that this energy crisis, with all the layoffs that are occurring in the airlines, the transportation industry, and elsewhere, becomes worse, it can be offset, if need be, by Government spending to keep this country from being in a deep depression as well as keeping people from freezing around the country. I have some hope that they might do something along that line, to be ready in case we do run into that type of emergency.

What kind of sense would it make if we say another Herbert Hoover program of 1929 must be used in the event this energy crisis puts us into a recession?

This will only guarantee that the recession goes deeper than the depression of 1929.

That is what we would be asking for by voting for this amendment. If we go into a recession and Government revenues fall off, we cut spending. As we go farther down, we cut spending some more and, as we go farther down, we continue to cut spending, so that Government revenue outweighs every other consideration on the way down. That makes about as much sense as some other things I have seen in Government, Mr. President, but we ought to know better by now, having learned a hard lesson from what happened in 1929 and what happened when unwise fiscal and tax policies and unwise monetary policies put this country in deep trouble.

I would hope we had learned something about this kind of thing, and that other factors are sometimes more important than just stacking up dollars to see which pile is higher than the other. There are better ways to approach some of these problems.

This amendment does not belong on this bill. It is irrelevant to the bill. It is an entirely different matter, Mr. President. If it is to be offered at all, it would seem to me it should have been offered on the debt limit bill, or should be offered on the budget control bill that will be coming along later on, and at an appropriate time I shall move to table the amendment, but I shall withhold that motion now in the event that someone cares to discuss the matter further.

Mr. PERCY. Mr. President, I certainly would not quarrel with the attempt of the distinguished Senator from North Carolina to try to put fiscal responsibility back into the Federal budget. I think we all share that desire, and are trying to work toward that end in different ways.

The objection I would have to this amendment is that it would remove the flexibility we may need in periods of economic recession. The Federal budget is an instrument which has an impact on the economy, and I would respectfully suggest that the distinguished Senator carefully study the work of the Government Operations Committee in the budget reform bill that has now been unanimously reported out, of which I am a cosponsor together with Senator SAM ERVIN.

I think that bill, and procedures that we have established which, first of all, put backdoor spending under the control of the Appropriations Committee, where it does not now lie, and would also require that Congress establish a ceiling on its budget overall before we proceed to expend money—right now our budget ends up being the total of all of our subtotal expenditures that we appropriate through the course of the year, and that is what leaves us in this deplorable condition where, in heights of prosperity such as the past 4 years, we have run up another \$100 billion in deficits—if we would start out at the other end of the spectrum, and take a look at the economy and see what fiscal impact we want on the economy, then establish a ceiling, and then work with the subceiling arrangement that has

been worked out by the distinguished Senator from Maine (Mr. MUSKIE), with which we now totally concur, to give us goals where we weigh one priority against another, and then make it exceedingly difficult, once we establish that overall ceiling, to break the ceiling—it could only be done in two ways, either by a two-thirds vote to set aside the rules, or by putting in a new concurrent resolution which requires us to take an overall, entire look at the picture again—I think that would be a more flexible way, but a reasonable way to approach it.

I would hate to see us put ourselves in a straitjacket at a time of economic recession when we had large scale unemployment, when welfare costs were high, and we needed to use the fiscal policy of the Federal budget to stimulate the economy, rather than depress it, to have us in a straitjacket at that time and unable to move.

But again I say I concur with the overall objectives, and I share the frustration of the Senator from North Carolina. I would have to, regretfully, vote against this amendment, but would do so in the hope that we will move toward adoption of the budget reform bill, which will get at the same kind of problem and stop this endless deficit spending, particularly in boom periods.

Mr. FONG. Mr. President, may I ask the distinguished Senator from North Carolina a question?

Mr. HELMS. I yield.

Mr. FONG. What is the purpose of the amendment before the Senate?

Mr. HELMS. The purpose of the amendment is to put the Senate on record one way or the other. I have accomplished an ancillary purpose here. I have got the adrenalin of my friend from Louisiana stirred up a little bit. But at least we are thinking about a balanced budget and fiscal responsibility in the United States of America.

Mr. FONG. Is the Senator referring to trust fund money?

Mr. HELMS. I am referring to non-trust fund money.

Mr. FONG. What is the Senator's position in reference to trust funds?

Mr. HELMS. We address ourselves only to nontrust fund expenditures, I would say to the Senator.

Mr. FONG. Mr. President, as I understand the present budget system, we are under a unified budget system. Prior to the administration of President Lyndon Johnson, we were on a general fund budget, but the Vietnam situation escalated expenditures so much that tremendous deficit was created, and the administration was forced, more or less, to achieve a lower deficit. So it called upon all the money in the trust funds and collected all this money into what we call a unified budget. By putting this money into a fund known as a unified budget, President Johnson cut down his deficit by \$4 billion to \$7 billion, as understand.

So, today, we are following a budgetary program which carries a budget deficit of, probably, another \$4 to \$5 billion more than the deficit that has been shown to the public. Thus, when we talk about a budget deficit of \$12 billion, we

are actually talking about a budget deficit of \$17 billion.

Mr. HELMS. That is correct.

Mr. FONG. Because we have to add another \$5 billion more, for the money that we receive from our trust funds, like money that goes into social security program and money that goes into the highway program. By spending that money as it comes in, and saying it is part of the general fund, we are just deceiving ourselves.

Mr. President, the program which we are not trying to amend is known as the social security program. It was based on the theory that this was an insurance program and that the premiums paid in by the workingman would some day be used so that he would be able to receive benefits when he retired.

If we were running an insurance company and were running it the way we ask Members of Congress to run it, we would all be in jail [laughter] because the premiums that come into the program are now being used for the present recipients of the program, and when those people, now paying in presently, come to receive their benefits, there will be no more money in the program.

Let me explain.

If we were running a private insurance company, all of us would be paying premiums, and when we arrived at age 65, we would expect to receive a certain amount of money because of the premiums we had paid in.

What we are saying now, in the way we are working out this program, is that all the premiums that come in—say it is \$1 million, and only \$900,000 goes out—because our recipients are now receiving \$900,000, we say we have \$100,000 in surplus.

Actually, we do not have \$100,000 in surplus. We do not have any money in surplus because we have used up all the money that should have been placed in the reserve fund, in a surplus fund, to take care of the anticipated costs for those arriving at that certain age at which they receive their benefits.

So, when we talk about having a surplus in the social security program, we are just fooling ourselves, because we do not have a surplus in the social security program.

If we were to stop the social security program as of today and say that everyone now in the social security program can continue to pay premiums into the social security program, but we would not admit any more new members, when we would reach the age of 65, that fund which has accumulated because of our premiums, would be broke.

As I understand it, we are now approximately \$300 billion to \$400 billion in the hole, if we were to carry out the Social Security program as any other insurance company would be called upon to do so by State insurance examiners.

So, Mr. President, finding ourselves in this situation, we should not be too generous here in giving all the various benefits which have been asked by the various segments of the community. We must look at the program from the standpoint that this is an insurance program, that the premiums we have been paying

into the program will be called upon to be used to pay the benefits.

What we are really trying to do today is to put the load on our children and our grandchildren. They will be the ones who will be called upon to pay the benefits when we are ready to receive our benefits, when we reach the age of retirement.

Thus, I thank the distinguished Senator from North Carolina (Mr. HELMS). He has really given us something to think about. We should be looking at this from a sound fiscal standpoint. We cannot continue to eat into this money, which should be set aside as a reserve fund for future use, so that by the time we get to that age there will be no money in the program left and we will be bankrupt.

I applaud and commend the distinguished Senator from North Carolina for presenting this amendment to the Senate.

Mr. HELMS. I thank the distinguished Senator from Hawaii. I have often wondered what would be the reaction of the young people of this country if they could have an explanation such as the Senate has just heard from the Senator from Hawaii, with his lucid explanation relating to what is being done to their future.

Mr. President, I may be accused of being a mossback. I may be said to be fossilized. I may be categorized as archaic, as my good friend from Louisiana has said, but 2 and 2 still make 4. Simple arithmetic still shows that to be true. Let us not play games. A balanced budget is a balanced budget—and Senators today have an opportunity to demonstrate where they stand.

No, Mr. President, we cannot make anything of it except that this is a Government of profligacy. This Congress—this Senate—is where the fault lies. We can change our way of living—if we have the courage to do so.

This amendment may be tabled, but let the record be clear, gentlemen, that any Senator voting to table will be saying to that people of the United States, "I am not willing to stand for a balanced budget."

Now, Mr. President, table the amendment, if you will. I have become somewhat accustomed to having amendments tabled—

Mr. CHURCH. Mr. President, will the Senator from North Carolina yield—

Mr. HELMS. I will be through in a minute.

Mr. CHURCH. For a question?

Mr. HELMS. Just 1 minute.

Mr. President, I have become accustomed to having my amendment tabled but, nevertheless, the people of this country will get the message. We will be voting, whether on a tabling motion or on an up-and-down vote on the amendment, the question of whether we are willing to adopt the concept of a balanced budget.

If an emergency arises, this Senate can undo anything it has done, as there is nothing permanent here, and every Senator knows that.

But the question is: Are we willing, this day, to put ourselves on record as

being in favor of a balanced budget?

This Senator from North Carolina is. Mr. CHURCH. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I am glad to yield to the Senator from Idaho.

Mr. CHURCH. Mr. President, the distinguished Senator from North Carolina is—

Mr. HELMS. I am sorry, but I cannot hear the Senator.

Mr. CHURCH. The Senator from North Carolina has made a very persuasive argument for his amendment—can the Senator hear me now?

Mr. HELMS. Yes, and I like what I hear.

Mr. CHURCH. I am inclined to support it, but I want to make sure I understand it.

As I read the amendment, section 2 states:

Beginning with the fiscal year 1975, the President shall submit a budget pursuant to the Budget and Accounting Act of 1921, as amended, in which non-trust-fund expenditures do not exceed non-trust-fund revenues for each fiscal year.

As I read that language, if it became law, Congress would merely be instructing the President to submit to Congress a budget in balance. Congress could then consider what parts of that budget it might want to decrease, and what parts it might want to increase. Congress cannot be bound by the President's budget. It would simply receive from the President a budget which was in balance, and then Congress could pass judgment on it. Is that not the effect of the amendment?

Mr. HELMS. The Senator from Idaho is eminently correct.

Mr. CHURCH. I think it is a good amendment. The arguments addressed against it do not seem to me to be convincing. Congress has demonstrated its incapacity to balance the budget when the President's budget calls for deficit spending. I have not seen that done yet. It will be difficult enough for Congress to vote a balanced budget, if the President were to submit one; but, for years the President has submitted budgets badly out of balance. It has been quite impossible for Congress to effect reductions of a sufficient magnitude to bring those budgets into balance.

So, I believe that, since we are pretty much all agreed that the state of the economy today calls for a balanced budget, Congress would be well advised to instruct the President to submit one at the opening of each new session.

For these reasons, I find the amendment sound and I intend to support it.

Mr. HELMS. I thank the Senator from Idaho very much. The most we are doing is to put ourselves on record. We are saying to the President, "Send us a balanced budget," and then we must overtly violate what we have said to him. I think this is a responsibility we should take.

Mr. LONG. Mr. President, let me read the Senator's amendment.

Section 1 begins:

SECTION 1. Beginning with the fiscal year 1975, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

Mr. President, that is as clear as anything I have ever seen, that under the amendment we could not spend \$1 more than we take in on a Federal funds basis. According to the current administration budget projections, in fiscal year 1974 we will have a surplus of \$15 billion in trust fund items. They project a deficit of \$15 billion on a Federal funds basis. This means that if this amendment were in effect at this time—as written, it goes into effect next year—the President would have to make a \$15 billion cut in the budget. The amendment does not talk about just submitting a plan or going through the intellectual exercise, but about actually spending no more than is taken in—which this year would mean cutting out \$15 billion of spending.

We have heard people complaining about some irresponsible cutbacks, particularly those involving expenditures in their States. But they have not seen anything yet, compared to what this amendment would mean—if it were effective this year, a \$15 billion cut in addition to things that have been cut already. The amendment is not talking about an intellectual exercise. You have to cut the budget down, and you cannot spend one dollar more than you take in. The amendment does not even tell the President how or what to cut, by the way—just take that meat ax and slash away.

Those who complain about some irresponsible cutbacks in their States, such as cutbacks of certain defense installations and defense contractors, just have not seen anything, compared to what this would mean.

Section 1 reads:

SECTION 1. Beginning with the fiscal year 1975, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

The President would not have to consult Congress, but just to take that meat ax and go to work on the budget. That would be a very foolish thing to do now, and it would be foolish to do next year.

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

Mr. LONG. I yield.

Mr. BEALL. I do not quite understand the Senator. I get the same reading out of section 1 that he does, that the expenditures have to equal the revenues. But the Senator is implying that the only way to make this happen is through reduction of expenditures. You could also increase revenues, could you not, to take care of expenditures?

Mr. LONG. Yes, you could increase taxes.

Mr. BEALL. All the President has to do, then, is to submit a budget that is in balance. He does not necessarily have to cut. He could keep everything we have but show us the revenue that will pay the bill. Is that not correct? And Congress could do the same thing.

Mr. LONG. If the legislation raising the taxes is passed and the money comes in; yes. That is what you could do.

But here we have a situation in which committees set up by Presidents—Democrat and Republican—have recommended that the budget be kept on a consolidated, overall basis; and that we

take the view that if we have a balanced budget on that basis, as long as we are taking in as much money as we are spending, we can safely do business in that fashion. One committee was headed by a very distinguished banker and outstanding Republican, Mr. David Kennedy, a subsequent Secretary of the Treasury.

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

Mr. LONG. I yield.

Mr. BROOKE. As I read the amendment, it requires that the nontrust fund expenditures of the Federal Government each fiscal year shall not exceed its revenue, beginning in fiscal 1975.

As I understand it, the information that the distinguished Senator from North Carolina gave to the distinguished Senator from Idaho was that the intent of this amendment is merely to instruct the President to submit a balanced budget. I do not get that meaning from the language of this amendment.

Could the Senator clarify whether we are merely instructing the President to submit a balanced budget or requiring, as the amendment says—and I think I am reading it correctly—that the nontrust fund expenditures of the Federal Government each fiscal year shall not exceed its revenues? Which is it?

Mr. LONG. If the Senator will read section 1, it says that you cannot spend any more than you take in on a non-trust fund basis. That is what the language clearly says.

Mr. President, I ask unanimous consent that the text of section 1 be printed at this point in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

SECTION 1. Beginning with the fiscal year 1975, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

Section 2 says that the President shall submit a balanced budget on that basis.

Mr. BROOKE. Yes; but one cannot read section 2 without reading section 1. Section 1 is an essential requirement. It would appear to me it is a definite requirement.

Mr. LONG. What the amendment provides is two things. I cannot see whether it makes any difference whether the first part is first or the second part is first. What it says is that the President shall submit a balanced budget on a nontrust fund basis, and we will not spend any more than is in that balanced budget. That is on a non-trust-fund basis.

Mr. BROOKE. That is my interpretation. I thought we had a check on it until the question was asked by the Senator from Idaho (Mr. CHURCH). When the Senator from North Carolina (Mr. HELMS) responded, he seemed to be saying that the intent was merely to instruct the President to submit a balanced budget.

Is that as far as the Senator from North Carolina intends the amendment to go?

Mr. HELMS. No, indeed; it is not as far as I intend that it shall go. I intend that the Senate be on record as to a

balanced budget. On any occasion that we stray from it, we do so overtly, so that the people can see what we have done.

Mr. LONG. Mr. President, I decline to yield for speeches. I will yield for one or two more questions.

Mr. BROOKE. The Senator has answered the question.

Mr. LONG. It seems to me that the point the Senator insists upon—for a balanced budget, on an old-fashioned basis, such as when I came here 25 years ago—I think I have demonstrated what that means.

I move to lay the amendment on the table.

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

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

Mr. LONG. Mr. President, if the Senator wants to ask a question—

The PRESIDING OFFICER. The motion to lay on the table is not debatable.

Mr. LONG. Mr. President, I shall withhold my motion, to allow the able Senator to ask a question. I yield for a question.

Mr. CHURCH. I think that, in a way, we have been chasing our tails in this argument. Section 1, it is true, does call for non-trust fund expenditures to be held in line with non-trust fund revenues. But the effect of the amendment would be to instruct the President, first of all, to send to Congress a budget that conformed to this standard. It is always open to Congress, then, in the exercise of its privilege, to increase the budget, if it chooses. Section 1 is not binding—and could not be—on a future Congress. But we can instruct the President to help by sending us a balanced budget, accepting full responsibility for any changes we make thereafter. So I think the essence of the amendment is as I have discussed it heretofore.

Mr. LONG. There, again, the Senator complains that he would not put us into this trap; and then he tries to find a way out. I have been in those traps before. The former Senator from Delaware, Mr. Williams, used to set such traps, and I would spend my time trying to get out of them.

I would not worry about that, because we have a Republican President, and I am a Democrat. Usually I can blame all these tricks on the Republicans. But I have found that they often spill over onto Democrats.

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

Mr. LONG. I yield.

Mr. PASTORE. I am sure the Senator knows what would happen as a practical proposition. The President of the United States would submit a budget. He would put a lot of tidbits in it and say, "I suggest a tax increase of 50 percent. The revenue from that would be billions of dollars. Therefore, I am balancing the budget. The cat is right on your back. You go ahead and raise taxes by 50 percent. Otherwise, you will have to begin to chop out all the tidbits I have put in."

Mr. LONG. Otherwise, the ones who stand well with the President will not be cut with a meat ax, while those who do

not stand well with the President, will be cut with the meat ax.

I move to table the amendment. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from North Carolina. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Mexico (Mr. MONTOYA), and the Senator from South Dakota (Mr. ABOUREZK) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McGEE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), and the Senator from Virginia (Mr. WILLIAM L. SCOTT) are necessarily absent.

The Senator from Idaho (Mr. McClure) and the Senator from Oregon (Mr. Packwood) are absent on official business.

The result was announced—yeas 46, nays 43, as follows:

[No. 529 Leg.]  
YEAS—46

Alken	Haskell	Muskie
Bayh	Hathaway	Nelson
Bentsen	Huddleston	Pastore
Bible	Humphrey	Pell
Biden	Inouye	Percy
Brooke	Jackson	Proxmire
Burdick	Javits	Ribicoff
Cannon	Johnston	Schweiker
Case	Kennedy	Sparkman
Clark	Long	Stafford
Cranston	Magnuson	Stevenson
Eagleton	Mansfield	Taft
Fulbright	Mathias	Tunney
Gravel	McIntyre	Williams
Hart	Mondale	
Hartke	Moss	

NAYS—43

Allen	Domenici	Metcalf
Bartlett	Dominick	Nunn
Beall	Eastland	Pearson
Bellmon	Ervin	Randolph
Brock	Fannin	Roth
Buckley	Fong	Saxbe
Byrd	Goldwater	Scott, Hugh
Harry F., Jr.	Griffin	Stennis
Byrd, Robert C.	Gurney	Stevens
Chiles	Hansen	Talmadge
Church	Hatfield	Thurmond
Cook	Helms	Tower
Cotton	Hollings	Weicker
Curtis	Hruska	Young
Dole	McClellan	

NOT VOTING—11

Abourezk	McClure	Packwood
Baker	McGee	Scott,
Bennett	McGovern	William L.
Hughes	Montoya	Symington

So Mr. Long's motion to table Mr. HELM's amendment (No. 732) was agreed to.

Mr. HELMS. Mr. President, while preserving my right to the floor, I have agreed to yield to the distinguished Senator from Oklahoma, if I may do so under unanimous consent.

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

Mr. BELLMON. Mr. President, I have an amendment at the desk. I ask that it be reported.

The PRESIDING OFFICER. The Senator has two amendments. Will the Senator give the number, please?

Mr. BELLMON. Amendment No. 736, as modified.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk proceeded to read amendment No. 736, as modified.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 736, as modified, is as follows:

On page 122 of the bill, after line 24 insert the following new section:

Sec. 165. The Secretary of Health, Education, and Welfare shall conduct a study of and submit to the Congress not later than one year after the date of enactment of this section a report containing his findings and recommendations with respect to the appropriateness of establishing nationwide rates of ineligibility and overpayment in the Aid to Families with Dependent Children program under Part A of Title IV of the Social Security Act which may be reasonably expected to occur in the administration of such program when the eligibility determination processes and procedures are implemented in a prudent manner exercising reasonable diligence to avoid erroneous payment.

Mr. BELLMON. Mr. President, this amendment is very simple. It simply takes note of the fact that perfection in the administration of these programs is impossible and instructs the Secretary of HEW to study the programs and to recognize that we are always going to have a certain amount of ineligibility and to establish acceptable standards for programs which the States are administering.

I have discussed the amendment with the author of the bill. It was my understanding that he would accept the amendment.

Mr. LONG. Mr. President, I agree with that amendment. I think it is all right. I am willing to accept it.

Mr. BELLMON. Mr. President, I yield back the floor.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 736 of the Senator from Oklahoma, as modified.

The amendment, as modified, was agreed to.

Mr. HELMS. Mr. President, I call up my amendment No. 741 and ask that it be stated.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk read amendment No. 741, offered by Mr. HELMS for himself and Mr. THURMOND, as follows:

Sec. . Not later than fifteen days after the date of enactment of this Act, the President shall promulgate a plan for a nationwide energy conservation program which shall include measures capable of reducing energy consumption by no less than 10 per centum within ten days, and by no less than 25 per centum within four weeks after im-

plementation, through the imposition of limitations on the transportation of students in schools operated by local or State educational agencies, as defined in sections 801(f) and 801(k) of the Elementary and Secondary Education Act of 1965, in order that students may walk to school insofar as possible without public transportation, or be transported through public means of conveyance no further than to the appropriate school nearest their residence.

Mr. HELMS. Mr. President, this amendment was before the Senate not long ago. It was tabled, and I imagine that a motion to table this amendment will be made this afternoon.

I would simply reiterate that a vote to table this amendment is a vote to continue to waste millions of gallons of gasoline for the unnecessary, unwise and disruptive purpose of the forced busing of schoolchildren.

I have offered this amendment this afternoon because Senators have told me if they had it to do over again, they would support the amendment this afternoon. I am giving them that chance. If this amendment is rejected today, I intend to submit it again.

Mr. ALLEN. Mr. President, would the distinguished Senator from North Carolina yield to me?

Mr. HELMS. Mr. President, I yield to the distinguished and able Senator from Alabama.

Mr. ALLEN. Mr. President, I ask the Senator from North Carolina if he will agree to listing my name as a cosponsor of the amendment?

Mr. HELMS. Mr. President, I ask unanimous consent that, at the next printing of the amendment, the names of the Senator from Alabama (Mr. ALLEN) and the Senator from Florida (Mr. GURNEY) be listed as a cosponsor. I am delighted to have them join in its sponsorship.

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

(Several Senators addressed the Chair.)

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. ALLEN. Mr. President, may I have the floor in my own right? Did the Senator yield the floor?

Mr. HELMS. I did not yield the floor. I yield to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from North Carolina.

Mr. President, our people are face to face with the prospect of gasoline rationing. I am confident that the average citizen is willing to assume inconveniences and even hardships if necessity compels us to such drastic action. However, it will be a mistake to discount the commonsense of reasoning which governs their reactions to crises of this nature. They are going to insist that rationing of gasoline or other fuels must conform to standards of basic fairness and reasonableness.

Mr. President, fairness and reasonableness demand that gasoline supplies be conserved by the elimination of wasteful and unnecessary consumption. Each of us can identify separate prime targets

of unnecessary consumption. However, no example of waste in the consumption of gasoline is more blatant than the artificial demand resulting from arbitrary, unreasonable, and irrational forced busing plans for racial balance which have been imposed by Federal court judges. This waste must stop.

Mr. President, in Alabama the annual consumption of gasoline for operating schoolbuses has increased tremendously in the last 5 years.

Mr. President, much of this increase is attributable to decrees of U.S. district court judges based on what I am convinced is a mistaken conception of constitutional requirements. For example, some Alabama city school systems have been ordered to bus children for the sole purpose of achieving an arbitrary racial mix in the schools, even though such city school systems had never before operated buses to transport children.

To contend that the U.S. Constitution requires school systems to purchase buses, employ and train bus drivers, establish maintenance shops, and assume the cost of operating, maintenance and obsolescence of busing equipment for no other purpose than to achieve and maintain a racial ratio in public schools is a palpable absurdity. The American people will not buy it.

At a time when the American people are called upon to tighten their belts to make sacrifices in the interest of conserving energy resources, it is incomprehensible that Federal judges should persist in pursuing a course which can lead only to massive discontent, and increased hostility to the judicial oligarchy which has assumed power over the lives of the citizens to order busing of their children in accordance with revealed truth of a bankrupt social science.

Mr. President, commonsense and reasoning must prevail over the judicial oligarchy. Nothing would be more reasonable and rational than to restore the law of the Constitution which protects the right of every school child to attend the school closest to his place of residence, without regard to race, creed, color or national origin. The American people are not going to tolerate busing plans which deny children their inherent right to attend a neighborhood school. They will not tolerate judicial edicts that require children to be forcibly and needlessly transported to a school across town at the cost of millions of gallons of gasoline.

Mr. President, I commend the distinguished Senator from North Carolina.

Mr. ERVIN. Mr. President, would the Senator from Alabama yield for a question?

Mr. ALLEN. Mr. President, I yield for a question to the Senator from North Carolina.

Mr. ERVIN. Mr. President, I would like to ask the distinguished Senator from Alabama whether he agrees with the Senator from North Carolina that busing under a judicial order for integration purposes is not only required by the Constitution, but is also directly in conflict with the equal protection clause of the 14th amendment.

Mr. ALLEN. It certainly is. I agree with the Senator.

Mr. ERVIN. Mr. President, I would like to ask the Senator from Alabama if the equal protection clause does not clearly prohibit a State from treating in a different manner persons similarly situated.

Mr. ALLEN. That is certainly true. And that was the reasoning of the original Brown decision, from which the Supreme Court has now veered 180 degrees away.

Mr. ERVIN. Mr. President, I will ask the Senator from Alabama if it is not true that when a Federal court says to a school board, "You may permit some of the children residing in your zone or district to attend neighborhood schools. However, you must deny to other children residing in your zone or district the right to attend their neighborhood schools," that requires the school board to treat children similarly situated in a different manner, and therefore clearly violates the equal protection clause.

Mr. ALLEN. I certainly agree with the Senator from North Carolina.

Mr. ERVIN. Mr. President, I ask the Senator from Alabama if, when a Federal court hands down a decree requiring the busing of children for the purposes of integration, it does not say to the school board, in addition to what I have already mentioned about treating children differently, "You must take these children whom you denied the privilege of exercising their constitutional rights to attend their neighborhood schools along with others similarly situated, and place them in a bus and transport them to schools located elsewhere either for the purpose of decreasing the number of children of their race in the neighborhood school or increasing the number of children of their race elsewhere." I ask the Senator from Alabama if that does not violate the equal protection clause as interpreted in the Brown case a second time in that it denies the children who are required to be bused to other schools admission to their neighborhood schools solely on account of their race.

Mr. ALLEN. It certainly does. I agree with the Senator from North Carolina.

Mr. ERVIN. We are not only confronted by decisions of courts, which are repugnant to the constitutional provision they profess to interpret, but in this time of a shortage in energy we are also engaging in wasting a scarce commodity which is absolutely essential to the welfare of the country, for a purpose which is absolutely inconsistent with any proper interpretation of the equal protection clause.

Mr. ALLEN. I agree with the Senator from North Carolina. I thank the Senator from North Carolina for his remarks.

Mr. HELMS. Mr. President, I thank the Senator from North Carolina and the Senator from Alabama for their remarks.

I yield now to the Senator from Colorado.

Mr. DOMINICK. Mr. President, for a long time I have been an opponent of the forced busing situation to overcome racial imbalance. However, there are a great number of schools in the West and also in the East which are in many cases countywide. Now, without discussing the racial situation at all, they rely on bus-

ing in order to get to their school. If we were to eliminate busing, then we would have the very difficult problem of, maybe, having an increase in the use of gasoline by parents bringing their kids to school if, as, and when they could find the time to do so.

I do not see any reference to racial imbalance in the amendment. It bothers me because in many towns in Colorado there would be no way to get to school most of the time if it were not for the busing system.

Mr. HELMS. Mr. President, I would say that the intent of the amendment rests on the words "insofar as possible." Of course, the judgment would be left to the school boards in the districts as to what is best for the children. Specifically, we are addressing ourselves to the forced busing of school children against their will.

Mr. DOMINICK. And that is the Senator's intent in the amendment?

Mr. HELMS. That is the intent of the amendment.

Mr. DOMINICK. Mr. President, I thank the Senator from North Carolina.

Mr. HELMS. I am ready to vote, Mr. President.

Mr. NELSON. Mr. President, I am a bit puzzled by the amendment, because it directs the President to design an energy conservation program which shall include measures capable of reducing energy consumption by no less than 10 percent within 10 days and no less than 25 percent within 4 weeks after implementation through the imposition of limitations on the transportation of students in schools operated by local or State educational agencies.

I do not have a chart here. I have one in my office that delineates rather carefully the energy consumption of the country by industry and occupation, and I believe it shows that if you closed every grade school in America and kept the children home, and if you closed every high school in America and kept the children home, I doubt very much whether we could save 1 percent of the total energy consumption of America, which includes all the energy from coal for running factories and power plants, all the energy from the major water resources of the country, all the energy from oil, from gasoline, and from nuclear power.

We have an amendment here that would purport to solve all the problems in the country without really accomplishing anything, because it could not save that much energy in any conceivable way.

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

Mr. NELSON. I yield for a question.

Mr. HELMS. I would attempt to answer the question the Senator has raised, if the Senator desires.

Mr. NELSON. Yes, I am glad to yield for that purpose.

Mr. HELMS. The language in the first seven lines I propose refers to the entire package of various remedies contained in the energy bill which has already been passed by the Senate, and is drawn to make it consistent therewith. The discontinuance of forced busing would be only one of the many proposed remedies.

Mr. NELSON. If there is any such language in there, I do not read it. All it says, as I read it, is that the President is going to save 25 percent of the energy consumption in America by limiting the transportation of students in school buses. That is the way the plain language reads to me. I just say it cannot be done, apart from the fact that I do not agree with its purpose.

Mr. President, I am prepared to make a motion to table the amendment.

Mr. JAVITS. Mr. President, if the Senator will yield to me, this is the second time this matter has been up within a very short time. The Senator from Wisconsin has already pointed out the basic imperfection in the amendment in terms of its drafting. I would also like to point out another imperfection in terms of its drafting. It has been stated in answer to a question by the Senator from Colorado (Mr. DOMINICK) that the limitations on busing should only be insofar as possible. Again, I do not find that in the amendment. The "insofar as possible" relates to students walking to school, and then with the further qualification that even if they were conveyed they should be conveyed no farther than to the appropriate school nearest their residence.

That is the traditional neighborhood school idea, which would not answer this question either, because county central schools are not necessarily nearest the child's residence. But assuming all this would be perfected, Mr. President, and Mr. HELMS makes the differences by changing the language, the substance of the amendment is to use the energy emergency truly to pour gasoline on the flames of racial differences in the United States. The idea that they have all been dispelled and gone away we all know not to be true. Fortunately for us, at a time when we have deep troubles of many other kinds, there is some feeling of stability in the country upon this issue. Mr. President, I would say an American, let alone a Senator, should thank God for us that it is not the issue that it was but a very short time ago and may unhappily be again.

But if we want one way to create such an issue, this is it. All we have to do is undo court decrees and engage in the busing battle all over again, and we will really be pouring gasoline on that fire.

I think each Senator should vote to table this amendment without regard to the details precisely for that reason, because this is something we ought not to be dealing with right now. As long as it is not hitting us, let us not hit it.

Second, Mr. President, we did our utmost to resolve the problem by establishing criteria in the higher education bill, where this matter was wrestled with and fought over and finally written into some kind of law, which was of such a nature that although I was one of those who had a great deal to do with fashioning the final higher education bill, I, with others like Senator MONDALE, found it in conscience necessary to vote against the conference report, because we were deeply concerned about the effect of these very amendments, or amendments dealing with this very question, which were incorporated in that bill.

I say that only to indicate that though I am by no means satisfied, I think existing conditions have reduced tensions, unlike the mover of the amendment, and I think it would be unwise, in the interests of our Nation, to bring this issue to the fore by a positive act of denial of the kind which this represents.

If we want to maintain employment with respect of energy conservation, which we do, and if we want to retain egalitarianism—and that is why so many of us favor rationing as the most egalitarian way in which to meet the problem—we certainly do not wish to give new cause for profound public tension in an area which has been tension-ridden enough, and in which we need invite no more.

So I hope very much that Senator NELSON's motion, which will imminently be made, to lay the amendment on the table will prevail.

Mr. HELMS. Mr. President, I would simply emphasize again, just before the motion to table, that Senators who vote to table will be voting to continue to waste millions of gallons of gasoline each year for an unwise, unworthy, destructive purpose.

The distinguished Senator from New York, who knows of my admiration for him. He is a gentleman. He made the same eloquent argument on the previous occasion when I submitted this amendment. He says that we should not throw gasoline on the fires of racial misunderstanding, or words to that effect.

I do not know how to square his appraisal of that situation with various polls which have been made available to me, polls showing, as I recall, that over 80 percent of the parents of black children of this country resent just as deeply as anyone else the forced busing of their children across the county for no purpose at all except to satisfy the whim of some Federal judge or Federal bureaucrat.

So I simply say, just prior to the motion to table which I understand is coming, that any Senator who votes to table the amendment will be voting to continue to waste millions of gallons of gasoline on forced busing of students.

Mr. THURMOND. Mr. President, I rise in support of this amendment.

In the first place, the amendment is so drawn that it would encourage school children to walk to school if possible without any public transportation, thereby saving fuel, where they live close enough to the school. In the next place, if they are transported, it provides through public means no further than the appropriate school nearest their residence. It simply means that a child can attend the school nearest his home.

Now the polls which have been taken all over the country show clearly that members of the white race and members of the black race oppose the busing of schoolchildren so as to bring about a racial balance.

This amendment is predicated on the theory of saving gasoline and it should save millions of gallons of gas and, at the same time would accomplish the purpose—certainly partly so—of trans-

porting children in order to bring about a racial balance.

The Supreme Court decision of 1954 held clearly that no child could be deprived of entering any school because of his race or color. But, since that time, some Federal judges have taken different constructions and have made a 180-degree turn away from that decision, in holding that a child of one race can be transported to a school of another race simply to bring about a racial balance.

Mr. President, I understand that in the home State of my distinguished friend from North Carolina (Mr. HELMS), there is one child being transported on a schoolbus for miles and miles just because of a racial balance. That does not make any sense. It is a waste of fuel. It is an imposition on the child.

I think the time is not far off when the people of this country will realize that this asinine policy must be changed.

I realize that some of the leaders of some groups have taken another position and have gotten concrete on it, in that they hesitate to withdraw from their position.

Mr. President, this is not the kind of legislation to discriminate against anyone. This is the kind of legislation that will help children, and will help parents. It is unfair to the child, especially, to keep him on a schoolbus riding around for several hours a day just to bring about a racial balance, when he could go to school maybe within a block of his home, or nearer his home, and save his time.

Mr. President, I do not believe there is any use taking up a lot of time to discuss this issue. We are all familiar with it.

I hope that the Senate will see fit to adopt the amendment.

Mr. NELSON. Mr. President, I move to table the pending amendment.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment (No. 741) of the Senator from North Carolina (Mr. HELMS).

On this question 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 Iowa (Mr. HUGHES), the Senator from South Dakota (Mr. MCGOVERN), the Senator from South Dakota (Mr. ABOWREZK), the Senator from Wyoming (Mr. MCGEE), and the Senator from New Mexico (Mr. MONTROYA) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. Mc-

CLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The result was announced—yeas 48, nays 40, as follows:

[No. 530 Leg.]

YEAS—48

Alken	Hatfield	Pastore
Bayh	Hathaway	Pearson
Bellmon	Huddleston	Pell
Biden	Humphrey	Percy
Brooke	Inouye	Proxmire
Burdick	Jackson	Ribicoff
Cannon	Javits	Saxbe
Case	Kennedy	Schwelker
Church	Magnuson	Scott, Hugh
Clark	Mansfield	Stafford
Cranston	Mathias	Stevens
Eagleton	McIntyre	Stevenson
Gravel	Mondale	Taft
Hart	Moss	Tunney
Hartke	Muskie	Weicker
Haskell	Nelson	Williams

NAYS—40

Allen	Dole	Hruska
Bartlett	Domenici	Johnston
Beall	Dominick	Long
Bentsen	Eastland	McClellan
Bible	Ervin	Metcalfe
Brook	Fannin	Nunn
Buckley	Fong	Randolph
Byrd,	Fulbright	Roth
Byrd, Robert C.	Goldwater	Sparkman
Chiles	Griffin	Stennis
Cook	Gurney	Talmadge
Cotton	Hansen	Thurmond
Curtis	Helms	Tower
	Hollings	

NOT VOTING—12

Abourezk	McGee	Scott,
Baker	McGovern	William L.
Bennett	Montoya	Symington
Hughes	Packwood	Young
McClure		

So the motion to table Mr. HELMS' amendment (No. 741) was agreed to.

Mr. MAGNUSON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the appropriate place in the bill add a new section as follows:

Sec. —(a) Section 1631 (a) of the Social Security Act is amended by adding the following new subsection (G), "The Secretary may enter into arrangements with States under which such States will in emergency circumstances act as the Secretary's agent in making benefit payments under this Title. The cost of any such payments made by States under such arrangements shall be reimbursed by the Secretary."

(b) Subsection (a) of this section shall be effective January 1, 1974.

Mr. MAGNUSON. Mr. President, I can explain the amendment very briefly. The new supplemental security income program will be administered by the Federal Government and will replace the present State-administered programs of assistance to the aged, blind, and disabled. This new Federal program begins January 1. Under the old State-administered program, the States had the authority to make emergency payments to the aged, blind, and disabled when their checks were stolen or lost in the mails. My amendment will permit the States to make arrangements with HEW so that they can continue to make such emergency payments under the new Federal SSI program. Additionally, of course, it would authorize the Secretary to reimburse the States for such payments.

The need for this amendment is, I

think, quite clear. For example, because of their low incomes, many of the aged, blind, and disabled live in areas characterized by high crime rates. Consequently, there is a very real problem with these persons' checks being stolen from their mailboxes.

When this occurs or when a check is delayed in the mail it is often nothing less than a catastrophe for many of these people who are completely dependent upon their Government checks to buy their groceries, pay their rent, and take care of the other basic necessities. In the past it has been possible for the States to make emergency payments to an aged, blind, or disabled person in these circumstances because the old assistance program was administered by the States.

It is important, I think, in launching this new federally administered program of assistance to the aged, blind, and disabled, that we continue to make it possible for the States in such emergency situations to immediately pay these people the money they must have to live. The bureaucracy can afford to wait while the stolen or lost checks are recovered or otherwise accounted for. But the aged, blind, or disabled recipient cannot wait.

I have been told by the Governor of my State that if this amendment becomes law he will immediately move to implement within Washington State the arrangements it authorizes for emergency payments. He also informs me that in his discussions with other Governors he has learned that the need for such a provision in the law is widely recognized and that he is confident it would be quickly implemented in other States as well.

Mr. President, in closing, I would note that this is a very simple way to make Government more responsive to the needs of its citizens and strongly urge its adoption by the Senate. I think this is an amendment that the Senator from Wisconsin and the Senator from Louisiana will accept.

Mr. NELSON. Mr. President, I think that this is a perfectly sound and needed amendment, and I am willing, therefore, to accept it.

Mr. CURTIS. Mr. President, it seems to me the amendment has merit. I have no objection to it. I would ask one question. The whole procedure is subject to the discretion of the Secretary, and he could work it out. Is that correct?

Mr. MAGNUSON. Yes.

Mr. CURTIS. In a way that will protect them.

Mr. MAGNUSON. Yes; all this does is to allow the Secretary to work this problem out with the States so that the aged, blind, or disabled recipient will not suffer if his check is lost or stolen.

Mr. CURTIS. And it has only to do with those people who are on the rolls to get a check and something happens to the check.

Mr. MAGNUSON. That is correct.

Mr. CURTIS. It does not affect the ability to place people on the rolls.

Mr. MAGNUSON. No.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

AMENDMENT NO. 742

Mr. HELMS. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HELMS. 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, ordered to be printed in the RECORD, is as follows:

AMENDMENT No. 742

At the end of the bill add a new title as follows:

Sec. —. (a) The Food Stamp Act of 1964, as amended, is amended by inserting in section 5 thereof the following:

"(e) Notwithstanding any other provision of law, a household shall not participate in the food stamp program while its principal wage earner is, on account of a labor dispute to which he is a party or to which a labor organization of which he is a member is a party, on strike: *Provided*, That such ineligibility shall not apply to any household that was eligible for and participating in the food stamp program immediately prior to the start of such strike, dispute, or other similar action in which any member of such household engages: *Provided further*, That such ineligibility shall not apply to any household if any of its members is subject to an employer's lockout."

(b) Section 3 of such Act is further amended by adding at the end thereof the following new subsections:

"(o) The term 'labor organization' means any organization of any kind, or any agency or employee representation committee or plan in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

"(p) The term 'strike' includes any strike or other concerted stoppage of work by employees (including a stoppage by reason of expiration of a collective-bargaining agreement)."

Mr. HELMS. Mr. President, I am going to be brief in discussing this amendment. Any delay in the vote will not be the responsibility of the Senator from North Carolina.

Here again we have a matter of policy which I think the Senate should confront. It is a matter of U.S. Government participation in labor strikes. I do not think the taxpayers should subsidize either side in a labor dispute.

This amendment simply provides that food stamps should not be made available to those who walk out willingly on their jobs.

I see my distinguished friend, the junior Senator from Minnesota, across the aisle. I anticipate a motion to table. I will simply say that any Senator who votes to table this amendment will, in effect, be voting to use tax funds for the provision of food stamps to people who deliberately and willingly walk out on their jobs, thereby requiring the taxpayers to finance, in part, a strike.

Mr. THURMOND. Mr. President, three times in the past 4 years I have introduced a bill which would prohibit food stamp distribution to a household where

the head of the household is engaged in a labor strike.

This bill was referred to committee, and the full Senate has not yet had an opportunity to vote on it.

Today I am pleased by the fact that Senator HELMS is offering an amendment, of which I am a cosponsor, to the social security amendments with the same objective in mind.

Mr. President, I do not believe that the majority of the people know that striking workers can receive food stamps. When our taxpayers realize this fact, they are outraged because their tax dollars are being used to help one side in a labor dispute.

To provide strikers with food stamps is to allow the Government to take sides in the dispute. This is not the purpose of the food stamp program. The purpose of the food stamp program is to assist those who are unable to work or to find employment and, therefore, cannot support their families. It should not be the purpose of the program to subsidize those who have jobs and are able to support their families.

The taxpayers bear the ultimate burden of financing this program. Tax dollars should not be spent on food stamps for those who voluntarily refuse to work, but should be used to help those who are genuinely in need.

Mr. President, the time has come to reevaluate our priorities in regard to the food stamp program. It is time that we in the Senate take a stand on this issue and I urge my colleagues to vote favorably on this long overdue measure.

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

Mr. THURMOND. I yield.

Mr. AIKEN. I was just wondering whether if 52 percent of union members who were on strike, and 48 percent were not on strike, the 48 percent would be entitled to food stamps.

Mr. THURMOND. A man does not have to go out on strike unless he wants to. If he goes out on strike, he has a right to do so. If he does, I do not think he is entitled to food stamps.

Mr. AIKEN. Does the Senator mean that those who are opposed to the strike should not be entitled to food stamps?

Mr. THURMOND. If they participate in the strike.

Mr. HELMS. Mr. President, I ask unanimous consent that the distinguished Senators from Arizona (Mr. GOLDWATER and Mr. FANNIN) be added as cosponsors of my amendment.

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

Mr. HUMPHREY. Mr. President, since the distinguished Senator from North Carolina has mentioned my name, I may say that I am opposed to the amendment.

Mr. LONG. Mr. President, I have a great deal of sympathy for the amendment. I have voted for it on occasion. At a point where it appears that we have a chance to do something along the line the Senator is advocating, I expect to vote for it again.

But we have before us a bill that has a very decided prospect of a Presidential veto, as the bill now stands. I hope that we can lay before the President a bill that will contain items which have been

agreed to by the Senate and the House by a vote of 70 or 80 percent, including a social security increase to help the poor beyond the point where the President is willing to go. So if we have to make efforts to override a veto, we will have a bill which we will be able to pass even over that veto.

With all of the things that are in the bill now, it would not take a great deal of dilatory tactics to prevent the bill from becoming law.

When we have a chance to pass a bill on the basis where we might get a clean vote on this issue, up or down, and where we may have some prospect of getting something, I will be willing to cooperate to help the Senate provide an answer, but for now we just would not achieve it. All we would do is defeat good provisions in the bill which deserve to become law between now and January 1.

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

Mr. LONG. I yield.

Mr. HUMPHREY. I think another point needs to be made, which the Senator from Vermont was attempting to make, and which he made very well; namely, that in some of these strike situations there are workers who are, in a sense, innocent victims. It is wrong to deny them, if want is there, of some provision for their care. After all, many times strikes take place when the vote to strike is not unanimous, but by the nature of the established labor law, those people have to go out on strike.

There are honest differences of opinion on this matter. I do not question anybody's motives. It just seems to me this question deserves special consideration and should not be attached to a bill which, as the Senator has said, is going to have as much trouble getting by as this.

Mr. LONG. If we resolve this issue, it will not be by the language of this amendment. It will be by something that will say that those who are actively engaged in a strike will be denied food stamps, but not those who are not crossing picket lines or those persons who, as the Senator suggests, have no involvement in the strike but are merely denied the opportunity to work because one union in an assembly line walks out on strike, with the result that, because one particular function is not being performed, there is no other work for anybody else.

This, in my judgment, is not the best amendment along that line. Even if it were, I would not be in a position to support it at this time. I would have to ask to keep it out of the bill, because I am satisfied that if we had the amendment in the best possible form the Senate could put it in after a great deal of consideration and modifications, we would still have an issue that would, in my judgment, make it impossible to take this bill to the President and make it law.

Knowing that we are being threatened by a veto because of some provisions in this bill which have passed the Senate by a vote of more than 90 percent from time to time, and which are likely to reach the President's desk, I do not want to see a lot of good things in this bill fall of enactment because we insist on adding

to the bill an item that the President favors, but which would dictate that we could not override the President's veto.

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

Mr. LONG. I yield.

Mr. AIKEN. I would think that anything affecting food stamps would go before the Committee on Agriculture and Forestry. It has, anyway, in the last generation or so.

Mr. LONG. That is another problem we would have to contend with.

Mr. AIKEN. If it got to the House, it would be held to be nongermane. If we had anything in a bill affecting the food stamp law and it went to the House, it would be held to be nongermane over there and might be disastrous to the entire bill.

Mr. LONG. I thank the Senator. I think it might lead to the Agriculture Committee members in the House objecting to the bill going to conference, and, therefore, impeding the bill.

For those reasons, Mr. President, I move to lay the amendment on the table. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendment of the Senator from North Carolina (No. 742). 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 Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTROYA), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The result was announced—yeas 56, nays 32, as follows:

[No. 531 Leg.]

YEAS—56

Aiken	Hartke	Nelson
Bayh	Haskell	Pastore
Beall	Hatfield	Pearson
Bentsen	Hathaway	Pell
Bible	Huddleston	Percy
Biden	Humphrey	Proxmire
Brooke	Inouye	Randolph
Burdick	Jackson	Ribicoff
Byrd, Robert C.	Javits	Saxbe
Cannon	Johnston	Schweiker
Case	Kennedy	Scott, Hugh
Clark	Long	Sparkman
Cook	Magauson	Stafford
Cranston	Mansfield	Stevens
Eagleton	Mathias	Stevenson
Fong	McIntyre	Taft
Fulbright	Mondale	Tunney
Gravel	Moss	Weicker
Hart	Muskie	



## NAYS—32

Allen	Domenici	McClellan
Bartlett	Dominick	Metcalf
Bellmon	Eastland	Nunn
Brock	Ervin	Roth
Buckley	Fannin	Scott,
Byrd,	Goldwater	William L.
Harry F., Jr.	Griffin	Stennis
Chiles	Gurney	Talmadge
Church	Hansen	Thurmond
Cotton	Helms	Tower
Curtis	Hollings	
Dole	Hruska	

## NOT VOTING—12

Abourezk	McClure	Packwood
Baker	McGee	Symington
Bennett	McGovern	Williams
Hughes	Montoya	Young

So the motion to table Mr. HELMS' amendment was agreed to.

## AMENDMENT NO. 664

Mr. CHURCH. Mr. President, I call up amendment No. 664, and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The second assistant legislative clerk proceeded to read the amendment.

Mr. CHURCH. Mr. President, I ask unanimous consent that the clerk refrain from further reading of the amendment, and I shall explain it to the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD in full.

Mr. CHURCH's amendment (No. 664) is as follows:

On page 9 add the following at the end thereof:

Sec. . (a) Title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"Sec. 1880. (a) Nothing in this title shall be construed to require—

"(1) any individual to perform or assist in the performance of any sterilization procedure or abortion if his performance or assistance in the performance of such procedure or abortion would be contrary to his religious beliefs or moral convictions; or

"(2) any provider of services to—

"(A) make its facilities available for the performance of any sterilization procedure or abortion if the performance of such procedure or abortion in such facilities is prohibited by the entity on the basis of religious beliefs or moral convictions, or

"(B) provide any personnel for the performance of assistance in the performance of any sterilization procedure or abortion if the performance or assistance in the performance of such procedure or abortion by such personnel would be contrary to the religious beliefs or moral convictions of such personnel.

"(b) No provider of services which receives any payment under this title may—

"(1) discriminate in the employment, promotion, or termination of employment of any physician or other health care personnel, or

"(2) discriminate in the extension of staff or other privileges to any physician or other health care personnel, because he performed or assisted in the performance of a lawful sterilization procedure or abortion, because he refused to perform or assist in the performance of such a procedure or abortion on the grounds that his performance or assistance in the performance of the procedure or abortion would be contrary to his religious beliefs or moral convictions, or because of his religious beliefs or moral convictions respecting sterilization procedures or abortions.

"(c) The amendments made by this section shall be effective on the first day of the month following the month in which this Act is enacted."

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

"Sec. 1911. (a) Nothing in this title shall be construed to require—

"(1) any individual to perform or assist in the performance of any sterilization procedure or abortion in his performance or assistance in the performance of such procedure or abortion would be contrary to his religious beliefs or moral convictions; or

"(2) any agency, institution, or facility to—

"(A) make its facilities available for the performance of any sterilization procedure or abortion if the performance of such procedure or abortion in such facilities is prohibited by the entity on the basis of religious beliefs or moral convictions, or

"(B) provide any personnel for the performance or assistance in the performance of any sterilization procedure or abortion if the performance or assistance in the performance of such procedure or abortion by such personnel would be contrary to the religious beliefs or moral convictions of such personnel.

"(b) No agency, institution, or facility which receives any payment under this title may—

"(1) discriminate in the employment, promotion, or termination of employment of any physician or other health care personnel, or

"(2) discriminate in the extension of staff or other privileges to any physician or other health care personnel, because he performed or assisted in the performance of a lawful sterilization procedure or abortion, because he refused to perform or assist in the performance of such a procedure or abortion on the grounds that his performance or assistance in the performance of the procedure or abortion would be contrary to his religious beliefs or moral convictions, or because of his religious beliefs or moral convictions respecting sterilization procedures or abortions.

"(c) The amendments made by this section shall be effective on the first day of the month following the month in which this Act is enacted."

Mr. CHURCH. Mr. President, earlier this month I announced my intention to offer this amendment to the pending bill. It would provide that medical personnel, who by participation in the medicare and medicaid programs are recipients of Federal funds, shall not be required, on the basis of this aid, to participate in the performance of sterilization or abortion procedures if such procedures are in violation of that individual's religious beliefs or moral convictions.

With only technical modifications, this is the same provision adopted overwhelmingly by Congress as title IV of S. 1136, the omnibus health bill, subsequently signed into law—Public Law 93-45. When I originally authored the "conscience clause," the language was such that it applied to recipients of aid under all Federal health programs. It was in this form that it originally passed the Senate last March. However, the germaneness rules in the House of Representatives dictated that this provision could only apply to those programs specifically authorized by S. 1136—the Public Health Service Act, and the Community Mental Health Centers Act—and today these are the only programs which fall within the reach of the law.

I indicated at the time of final passage of the omnibus health bill my intentions to find an appropriate vehicle for the extension of similar protection to

doctors and other medical personnel who receive Federal assistance through their participation in medicare and medicaid programs. Because of its technical nature, H.R. 3153 is the most appropriate vehicle to accomplish this purpose. I think it is the general consensus of the Members of Congress that this recent enactment of law was not intended to be discriminatory, and that this protection should be extended to providers of medicare and medicaid services.

When I initially authored the "conscience clause" last spring, I cited a case, Taylor against St. Vincent's Hospital, whereby a Federal district court in Montana had issued a temporary injunction compelling a Catholic hospital, contrary to Catholic beliefs, to allow its facilities to be used for a sterilization operation. The district court based its jurisdiction upon the fact that the hospital had received Hill-Burton funds. On October 26, 1973, the Federal district court reversed their previous decision and ordered that the preliminary injunctive relief issued by the court be dissolved. In this decision, the court based their decision on the provisions of Public Law 93-45, 87 statute 91, section 401(b)—the conscience clause provision of the Public Health Service Act.

Mr. President, I ask unanimous consent that the court opinion and order be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. CHURCH. I also call to the attention of my colleagues the case of Watkins against Mercy Medical Center, and ask unanimous consent that the court's memorandum in that case be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. CHURCH. In this case, a U.S. district judge for the State of Idaho, ruled, partially on the provisions of Public Law 93-45, 87 statute 91, section 401(b), that a hospital did not have to reinstate the staff privileges of a doctor who refused to comply with the medical code of a Catholic hospital which had in previous years received Federal aid. It was the consensus of the court that this statute prohibits any court from finding State action on the part of a hospital which receives Hill-Burton funds and using that finding as a basis for requiring the hospital to make its facilities available for the performance of sterilization procedures or abortions.

I am pleased that Senators DOMENICI, EASTLAND, BUCKLEY, EAGLETON, and PROXMIRE have asked to join as cosponsors of my amendment, No. 664, to the social security amendments, and I ask that the record so indicate. This amendment is necessary if we are to protect the religious beliefs of all health care personnel who receive Federal assistance, and I urge my colleagues to act favorably to extend this protection to those personnel who receive Federal assistance through their participation in medicare and medicaid programs.

Mr. President, I hope the distinguished

manager of the bill will see fit to accept the amendment. In view of the fact that it is with a few technical changes identical to the earlier amendment that was overwhelmingly passed by the Senate and is now the law, and consistent with that earlier judgment reached by the Senate, I would hope the distinguished Senator from Wisconsin would find it possible to accept the amendment.

Mr. NELSON. Mr. President, we are prepared to accept the amendment.

Mr. CHURCH. Mr. President, the distinguished senior Senator from Delaware (Mr. ROY) has asked that his name also be added as a cosponsor of this amendment.

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

The question is on agreeing to the amendment (No. 664) of the Senator from Idaho.

The amendment was agreed to.

#### EXHIBIT 1

[In the U.S. District Court for the District of Montana, Civil No. 1090]

#### OPINION AND ORDER

(James Michael Taylor and Gloria Jeane Taylor, husband and wife, on Behalf of themselves, individually, and on behalf of others who may be members of a class of persons similarly situated, Plaintiffs, versus St. Vincent's Hospital, a Montana Corporation, Defendant)

The parties have agreed that the court may render a decision in this cause without a trial, based upon the stipulated facts which appear in the court's final pre-trial order. Those pertinent facts may be summarized as follows:

St. Vincent's Hospital is a private corporation which operates a hospital facility in Billings, Montana, known as St. Vincent's Hospital. It has done so since May 1, 1972, when it took over the operation of the hospital from the Sisters of Charity of Leavenworth, also a private corporation, whose members are all members of a religious order of that name. The physical facilities of St. Vincent's Hospital are now and at all times material in this case have been owned by the Sisters of Charity of Leavenworth, a corporation.

As a private, charitable, non-profit corporation, St. Vincent's Hospital received certain tax benefits from the State of Montana. The Sisters of Charity of Leavenworth, a corporation, when it operated St. Vincent's Hospital, also applied for and received funds under the Hill-Burton Act (42 U.S.C. §§ 291-291(c)) during the years 1956 through 1963.

Tubal ligation as a sterilization procedure had not, prior to the preliminary injunction issued by this court in this cause, been performed at St. Vincent's Hospital because of the interpretation placed upon the publication entitled "Ethical and Religious Directives for Catholic Hospitals" which is incorporated by reference in the By-laws of the medical staff of St. Vincent's Hospital. The Bishop of Eastern Montana of the Roman Catholic Church has the responsibility to interpret the directives for members of the Church of Eastern Montana, including members of the congregation of the Sisters of Charity of Leavenworth who are on the Board of Directors or are employed at St. Vincent's Hospital. The preamble in the "Ethical and Religious Directives" makes it clear that they are based upon moral convictions.

St. Vincent's Hospital and Billings Deaconess Hospital are the only hospitals in Billings, Montana. In June, 1972, the maternity departments of the two hospitals were combined in St. Vincent's Hospital, and an intensive care nursery was constructed in

St. Vincent's Hospital in order to reduce infant mortality in the community and to reduce the cost to the community of duplicated maternity services. Prior to approving consolidation of maternity services at St. Vincent's Hospital, the Trustees of Sisters of Charity of Leavenworth advised local obstetricians and trustees of the Billings Deaconess Hospital that surgical sterilizations would not be allowed at St. Vincent's Hospital. The consolidations was completed and the combined maternity department with intensive care facilities opened in June, 1972.

The plaintiffs, James and Gloria Taylor, are a married couple who were expecting a second child to be delivered by Caesarian section on October 31, 1972. The couple decided that they wished Mrs. Taylor to be sterilized by tubal ligation at the time of the Caesarian section and requested permission of St. Vincent's Hospital for the procedure. Permission was denied.

Plaintiffs allege in their complaint that the defendant in refusing to permit Mrs. Taylor to undergo a tubal ligation at the time of her Caesarian delivery infringed certain rights guaranteed to the plaintiff by the United States Constitution. The plaintiffs further allege that the infringement was committed under color of state law. The prayer asked for injunctive relief, not only for the Taylors, but also for "other persons similarly situated in the State of Montana."

The plaintiffs seek to invoke the jurisdiction of this court under the provisions of 42 U.S.C. § 1983 and 28 U.S.C. § 1343. 42 U.S.C. § 1983 reads:

"Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

28 U.S.C. § 1343 reads in pertinent part: "The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person: \* \* \*

"(3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States; \* \* \*"

Essential to the plaintiffs' invocation of jurisdiction in this cause is that the defendant, in its alleged violation of the plaintiffs' constitutional rights, acted under color of state law. The plaintiffs' assertion that the defendant is acting under the color of state law is grounded primarily on the fact that Hill-Burton grants have been used to defray a portion of the cost of hospital remodeling and construction over the years. In fact, this court, in its order dated October 27, 1972, found jurisdiction in this cause because of the receipt of such funds by the defendant.

However, on June 18, 1973, the President signed into law the Health Programs Extension Act of 1973. Title IV, Section 401, of that Act, provides in part:

"(b) The receipt of any grant, contract, loan or loan guarantee under the Public Health Service Act, the Community Mental Health Centers Act, or the Developmental Disabilities Services and Facilities Construction Act, by any individual or entity does not authorize any court or any public official or other public authority to require— \* \* \*

"(2) such entity to—

"(A) make its facilities available for the performance of any sterilization procedure or abortion if the performance of such pro-

cedure or abortion in such facility is prohibited by the entity on the basis of religious beliefs or moral conviction. . . ."

Public Law 93-46, 87 Stat. 91, Section 401(b). By its plain language, this Act prohibits any court from finding that a hospital which receives Hill-Burton funds, is acting under color of state law. The above sections were specifically aimed at such a result as evidenced by the legislative history.<sup>1</sup>

In a recent memorandum filed in this action, the plaintiffs attack the Constitutionality of Section 401(b). Specifically, the plaintiffs launch a direct attack upon this section as being contrary to the establishment clause of the First Amendment. However, the question of the Constitutionality of that section is not before this court. Furthermore, the case law relied upon by plaintiffs relates to parochial schools and is distinguishable from the instant case.

Nor does Section 401(b) present any question of retroactive application. It simply limits the remedies the court may grant. It can only affect pending and future court proceedings and does not purport to affect cases in which judgments have become final. Moreover, there is nothing in Section 401(b) to suggest that it applies only in situations where receipt of the public fund occurred after the effective date of the Act. To apply Section 401(b) in such a way would produce the bizarre result that hospitals which have received Hill-Burton funds prior to June 18, 1973, could be forced to permit sterilizations, while those which received such funds after June 18, 1973, could not. This was not the Congressional intent.

Furthermore, there can be no doubt that

<sup>1</sup> See H.R. No. 93-227; 1973 U.S.C.C. & A.N. 1553. The latter includes the following language:

"The background for subsection (b) of section 401 of the bill is an injunction issued in November 1972 by the United States District Court for the District of Montana in *Taylor v. St. Vincent's Hospital*. The court enjoined St. Vincent's Hospital, located in Billings, Montana, from prohibiting Mrs. Taylor's physician from performing in that hospital a sterilization procedure on her during the delivery of her baby by Caesarian section.

"The suit to enjoin the hospital was brought under 42 U.S.C. 1983 (which authorizes civil actions for redress of deprivation of civil rights by a person acting under color of law) and 28 U.S.C. 1343 (which grants United States district courts jurisdiction of actions (authorized by another law) to redress deprivation, under color of any State law, of a Constitutional right). In ruling on a motion to dismiss for lack of jurisdiction, the court stated that 'the fact that the defendant [St. Vincent's Hospital] is the beneficiary of the receipt of Hill-Burton Act [title VI of the Public Health Service Act] funds is alone sufficient to support an assumption of jurisdiction. . . . The court also found two other factors (state licensing and tax immunity) that established a connection between the hospital and the State sufficient to support jurisdiction.

"Subsection (b) of 401 would prohibit a court or a public official, such as the Secretary of Health, Education, and Welfare, from using receipt of assistance under the three laws amended by the bill (the Public Health Service Act, the Community Mental Health Centers Act, and the Developmental Disabilities Services and Facilities Construction Act) as a basis for requiring an individual or institution to perform or assist in the performance of sterilization procedures or abortions, if such action would be contrary to religious beliefs or moral conviction.

"In recommending the enactment of this provision, the Committee expresses no opinion as to the validity of the *Taylor* decision."

Section 401(b) which restricts the course and power of inferior federal courts is a valid exercise of Congressional power. Under Article III of the Constitution, Congress can establish such inferior courts as it chooses. Its power to create those courts includes the power to invest them with such jurisdiction as it deems appropriate for the public. *Lockerty v. Phillips*, 319 U.S. 182, 187 (1943). Further, Congress is free to legislate with respect to remedies the inferior Federal courts may grant. *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240 (1937).

For the foregoing reasons, it is hereby ordered that the plaintiffs be denied all relief.

It is further ordered that the preliminary injunctive relief issued by this court on October 27, 1972, is dissolved.

The Clerk of this court is directed to enter judgment accordingly.

Done and dated this 26th day of October, 1973.

#### EXHIBIT 2

[In the U.S. District Court for the District of Idaho, Civil No. 1-73-17]

#### MEMORANDUM DECISION AND ORDER

(Wilfred E. Watkins, M.D., plaintiff, versus Mercy Medical Center, et al., defendants)

The plaintiff brought this action for injunctive and compensatory relief against the defendant hospital and its Board of Directors, contending that he had been denied medical staff privileges for failure to agree to, or abide by, the ethical or religious directives under the Code of Ethics for Catholic Hospitals as required by the application of any physician for staff privileges within the hospital, and that such a denial was a violation of his right to freedom of religion and due process of law. Recent congressional action concerning the subject matter of this suit and review of the evidence herein viewed in the light thereof convinces the Court that the plaintiff's claim is without merit.

Briefly, the facts as stipulated are that Dr. Watkins was denied reappointment to the medical staff at Mercy Hospital Center for failure to submit a proper application, reappointment to the staff coming on an annual basis. In his application of December 1, 1973, Dr. Watkins wrote an exclusion to his agreement to abide by the By-Laws of the Medical Staff of Mercy Medical Center so as to exclude the Ethical and Religious Directives for Catholic Health Care Facilities. Upon review by the Credentials Committee and the Executive Committee of the Medical Staff and the hospital Board of Directors, his application was rejected.

Dr. Watkins resubmitted an identical application which was also rejected for his refusal to comply with the Ethical and Religious Directives. His staff privileges thereafter expired on February 1, 1973. Dr. Watkins refused to comply with or agree to the Ethical and Religious Directives because they prohibit staff physicians from performing voluntary or involuntary vasectomies or other sterilization or abortion operations in a hospital setting. These procedures are prohibited solely for religious reasons as the hospital is financed and operated almost entirely by the Catholic Church.

On the record it is admitted that Dr. Watkins is in all other respects, training, experience and ethically, qualified for staff privileges. It should be noted that there are approximately 5 hospitals within 50 miles of the Mercy Hospital which do permit all of the procedures under discussion here. Dr. Watkins, therefore, submits that his dismissal for failure to agree to or comply with the directives denies him of his own religious beliefs and his right to practice medicine without due process of law and he requests injunctive relief reinstating his staff privileges, as well as praying for general damages of \$100,000.00.

The meagre evidence adduced by Dr. Watkins would not support any monetary relief against defendants.

Dr. Watkins has alleged jurisdiction in this Court to hear this matter on the basis of 28 U.S.C. § 1343(3),<sup>1</sup> contending defendants have deprived him of his constitutional rights in violation of 42 U.S.C. § 1983,<sup>2</sup> and also alleged jurisdiction under 28 U.S.C. § 1331<sup>3</sup> and 42 U.S.C. § 2000d.<sup>4</sup> For reasons more fully developed in this opinion, this Court feels Dr. Watkins is not entitled to the relief which he requests.

In order to state a claim for relief under 42 U.S.C. § 1983, it must be shown that Mercy Medical Center and its Board of Directors were acting under color of State law when they denied Dr. Watkins staff privileges. In other words, it must be determined that the enforcement of the hospital's rule requiring conformity by the medical staff to the directives which prohibit contraceptive procedures was an act done under color of State law. Since the hospital itself is otherwise a private hospital and not owned or operated by any arm of the state, the only means by which it could be said to act under color of law is if the hospital is sufficiently affected by state law and regulation and administration of federal funds by the state as to be considered acting under color of law.

Mercy Medical Center was constructed with the help of Federal Hill-Burton Act funds.<sup>5</sup> It has been held that hospitals which receive Hill-Burton funds are affected with state action. *Sams v. Ohio Valley General Hospital Association*, 413 F. 2d 826 (4th Cir. 1969); *Citta v. Delaware Valley Hospital*, 313 F. Supp. 301 (D.C. Penn. 1970); *Taylor v. St. Vincent's Hospital*, Civ. No. 1090, D.C. Mont., Oct. 31, 1972. However, recent congressional action has effectively revoked the ability of a court to find state action on the part of a hospital which receives Hill-Burton Act funds.

On June 18, 1973, the President signed into law the Health Programs Extension Act of 1973. Title IV, Sec. 401 of that Act, provides in part:

"(b) The receipt of any grant, contract, loan or loan guarantee under the Public

<sup>1</sup>"The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

(3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States;"

<sup>2</sup>"Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

<sup>3</sup>(a) The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum or value of \$10,000, exclusive of interest and costs, and arises under the Constitution, laws, or treaties of the United States.

<sup>4</sup>No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

<sup>5</sup>Title IV of the Public Health Services Act; 42 U.S.C. § 291 et seq.

Health Service Act, the Community Mental Health Centers Act, or the Developmental Disabilities Services and Facilities Construction Act by any individual or entity does not authorize any court or any public official or other public authority to require—

"(2) such entity to—

"(A) make its facilities available for the performance of any sterilization procedure or abortion if the performance of such procedure or abortion in such facilities is prohibited by the entity on the basis of religious beliefs or moral convictions. . . ." P.L. 93-46; 87 Stat. 91, § 401(b).

By its plain language this Act prohibits any court from finding state action on the part of a hospital which receives Hill-Burton funds and using that finding as a basis for requiring the hospital to make its facilities available for the performance of sterilization procedures or abortions. The above sections were specifically aimed at such a result as evidenced by the legislative history. See H.R. No. 93-227; 1973 U.S. Code Congressional and Administrative News, 1553 and 1557.<sup>6</sup>

In essence, what Dr. Watkins has asked this Court to do is require Mercy Medical Center to make its facilities available for the performance of sterilization procedures by way of requiring his reinstatement to the medical staff. The above language of the Health Programs Extension Act of 1973 clearly prohibits such a course of action.

Neither does the fact that Mercy Medical Center receives tax exempt status from the state, is licensed by the state and applies for and receives state and federal monies under the Medicare and Medicaid programs, support a finding that the hospital is sufficiently clothed with state control so as to be acting under color of state law. The state has exacted no conditions upon the hospital concerning sterilization or abortion in order to receive tax benefits or state or federal money.

The state regulations which the hospital must conform to in no way relate to its policy concerning sterilization or abortions. Since hospital policy is not and has not been affected by the benefits bestowed upon it by the state, defendants were not acting under color of state law when the policy was formulated or enforced. *Doe v. Bellin*, F. 2d (9th Cir. 1973); *Ham v. Holy Rosary Hospital*,

<sup>6</sup>The "Purpose of Proposed Legislation," p. 1553, dealing with the "conscience amendment" to the Health Programs Extension Act of 1973, speaks directly to the point:

"The background for subsection (b) of section 401 of the bill is an injunction issued in November 1972 by the United States District Court for the District of Montana in *Taylor v. St. Vincent's Hospital*. The court enjoined St. Vincent's Hospital, located in Billings, Montana, from prohibiting Mrs. Taylor's physician from performing in that hospital a sterilization procedure on her during the delivery of her baby by Caesarian section.

"The suit to enjoin the hospital was brought under 42 U.S.C. 1983 (which authorizes civil actions for redress of deprivation of civil rights by a person acting under color of law) and 28 U.S.C. 1343 (which grants United States district courts jurisdiction of actions (authorized by another law) to redress deprivation, under color of any State law, of a Constitutional right). In ruling on a motion to dismiss for lack of jurisdiction, the court stated that 'the fact that the defendant [St. Vincent's Hospital] is the beneficiary of the receipt of Hill-Burton Act [title VI of the Public Health Service Act] funds is alone sufficient to support an assumption of jurisdiction. . . .' The court also found two other factors (state licensing and tax immunity) that established a connection

U.S.D.C., Mont. Dec. 20, 1972, No. 1103. Therefore, Dr. Watkins has not stated a claim for relief under 42 U.S.C. § 1983. *Chism v. Price*, 457 F. 2d 1037 (9th Cir. 1972).

However, despite supporting a finding that defendants were not acting under color of state law, the Health Programs Extension Act is not without the characteristics of a double-edged sword. Title IV of the Act further provides that:

"(c) No entity which receives a grant, contract, loan or loan guarantee under the Public Health Service Act, the Community Mental Health Centers Act, or the Developmental Services and Facilities Construction Act after the date of enactment of this Act may— . . .

"(2) discriminate in the extension of staff or other privileges to any physician or other health care personnel, because he performed or assisted in the performance of a lawful sterilization procedure or abortion, because he refused to perform or assist in the performance of such a procedure or abortion on the grounds that his performance or assistance in the performance of the procedure or abortion would be contrary to his religious beliefs or moral convictions respecting sterilization procedures or abortions." P.L. 93-45; 87 Stat. 91, § 401 (c).

Congress has taken the position that the fact a hospital receives Hill-Burton funds does not authorize a finding that the hospital acts under color of state law as a basis for requiring it to make its facilities available for the performance of sterilization procedures or abortions if the hospital declines for religious or moral reasons. But, at the same time, the hospital cannot discharge a staff member who religiously or morally believes that such services should be performed. The legislation is aimed at protecting the religious rights of both the hospital and the individual. The hospital can prohibit its staff from performing sterilization procedures or abortions in the hospital, but it cannot require its staff to adhere to the religious or moral beliefs which support the hospital's policy as a condition of employment or extension of privileges.

In this case Mercy Medical Center, by way of its application for staff privileges, was requiring Dr. Watkins to agree not to

between the hospital and the State sufficient to support jurisdiction.

"Subsection (b) of 401 would prohibit a court or a public official, such as the Secretary of Health, Education, and Welfare, from using receipt of assistance under the three laws amended by the bill (the Public Health Service Act, the Community Mental Health Centers Act, and the Developmental Disabilities Services and Facilities Construction Act) as a basis for requiring an individual or institution to perform or assist in the performance of sterilization procedures or abortions, if such action would be contrary to religious beliefs or moral conviction.

"In recommending the enactment of this provision, the Committee expresses no opinion as to the validity of the *Taylor* decision."

The "Section-by-Section Analysis" under the item "Miscellaneous, p. 1557-58, succinctly states congressional purpose as follows:

"In addition, section 401 of the bill provides that receipt of financial assistance under any of the aforementioned Acts does not constitute legal basis for a judicial or administrative order requiring an individual to aid in performing a sterilization or abortion, if such activity is contrary to the individuals religious or moral beliefs. Nor does receipt of financial assistance provide legal authority for a judicial or administrative order requiring the provision of personnel or facilities by any entity for the performance of sterilization or abortion, if such activity is contrary to the religious or moral beliefs of the personnel or prohibited by the entity for religious or moral reasons."

perform sterilization services in the hospital. The hospital was not trying to require Dr. Watkins to adopt their religious beliefs, for he is free to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the right to prohibit the use of its facilities for those purposes.

By similar analysis, Dr. Watkins' general constitutional claim that defendants have violated his First and Fourteenth Amendment rights is without merit. It is unquestioned that the prohibition against the establishment of, or prevention of, the free exercise of religion is wholly applicable to the states through the Fourteenth Amendment. *Cantwell v. Connecticut*, 310 U.S. 296, 84 L. Ed. 1213, 60 S. Ct. 900 (1940); *Cruz v. Beto*, 405 U.S. 319, 31 L. Ed. 2d 263, 92 S. Ct. 1079 (1972).

But in order to support a claim that Dr. Watkins has been denied the right to freely exercise his religious beliefs or that he had been denied due process of law, he must show some significant state involvement in the activity that allegedly has violated his rights. *U.S. v. Price*, 383 U.S. 787, 16 L. Ed. 2d 267, 86 S. Ct. 1152 (1966); *Martin v. Pacific Northwest Bell Tel. Co.*, 441 F. 2d 1116 (9th Cir. 1971). For the reasons previously stated in this opinion the Court is of the belief that there was not state action in this matter.

Plaintiff's claim under 42 U.S.C. § 2000d is without merit also. Assuming that Dr. Watkins was discriminated against on the basis of his religious beliefs, that section speaks only in terms of racial discrimination.

In conclusion, even assuming the requisite state action in this matter to support a claim for relief under 42 U.S.C. § 1983 or the Fourteenth Amendment, the Court feels it must emphasize that Mercy Medical Center has the right to adhere to its own religious beliefs and not be forced to make its facilities available for services which it finds repugnant to those beliefs. The hospital cannot discriminate against those who believe otherwise, but it can set up reasonable safeguards to insure that others do not use their facilities for services which the hospital does not religiously believe should be offered. Dr. Watkins is free to believe that sterilization services should be provided for the public and to perform them anywhere he is able. However, he cannot force Mercy Medical Center to allow him to perform them in its hospital. To hold otherwise would violate the religious rights of the hospital.

It is, therefore, ordered that the plaintiff's request for both preliminary and permanent injunction against defendants be, and the same is hereby, DENIED, and that the plaintiff take nothing by his complaint against the defendants. No costs are allowed.

If counsel so stipulate in writing filed with the Clerk, this Memorandum shall constitute the Findings of Fact and Conclusions of Law and defendants' counsel will submit an appropriate proposed judgment. If not so agreed, defendants' counsel will make the submissions required by Local Rule 18.

Dated this 30th day of July, 1973.

J. BLAINE ANDERSON,  
U.S. District Judge.

#### AMENDMENT NO. 701

Mr. CHURCH. Mr. President, I call up my Amendment No. 701 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. CHURCH. Mr. President, I ask unanimous consent that the clerk be permitted not to read the entire text of the amendment, and I shall explain its purpose to the Senate.

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

Mr. CHURCH's amendment (No. 701) is as follows:

At the appropriate place in the bill, insert the following new section:

#### LIBERALIZATION OF MEDICARE LIFETIME RESERVE

Sec. . (A) Section 1812 of the Social Security Act is amended—

(1) by striking out "150" in subsection (a) (1) and inserting in lieu thereof "210";

(2) by striking out "150" in subsection (b) (1) and inserting in lieu thereof "210"; and

(3) by striking out "150-day" in subsection (c) and inserting in lieu thereof "210-day".

(b) The last sentence of section 1813 (a) (1) of the Social Security Act is amended to read as follows: "Such amount shall be further reduced by a coinsurance amount equal to one-fourth of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a) (1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell, except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed)."

(c) The changes made by this section shall become effective January 1, 1974.

Mr. CHURCH. Mr. President, in connection with this amendment, I ask unanimous consent that Mr. David Af-feldt, the Chief Counsel for the Select Committee on Aging, and Mr. Glenn Markus of the Congressional Research Service, be permitted to be present on the floor to provide technical assistance during the consideration of the amendment.

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

Mr. CHURCH. Mr. President, this amendment is designed to accomplish two objectives. First, it would increase the medicare lifetime reserve from 60 to 120 days.

Second, it would reduce the daily rate of coinsurance now applicable to medicare lifetime reserve days to one-fourth—rather than one-half as under present law—of the inpatient hospital deductible. As things now stand, the daily coinsurance charge is \$36 for individuals who must draw upon their lifetime reserve. For 1974 this amount is scheduled to increase to \$42. If my amendment is adopted, the daily coinsurance rate would be reduced to \$21.

My amendment is based upon the recommendations of the highly respected 1971 Advisory Council on Social Security.

Under present law, medicare pays for up to 90 days of hospitalization during each benefit period. For the first 60 days, the hospital insurance part of the program pays for all covered services, except for the initial \$72 which is charged to the patient. From the 61st through the 90th day, the medicare beneficiary has a daily coinsurance charge equal to one-fourth of the inpatient hospital deducti-

ble. At present, this amounts to \$18 per day.

In addition, there is a 60-day lifetime reserve for individuals who require more than 90 days of hospitalization in a particular benefit period. As I indicated earlier, this daily coinsurance amount is equivalent to one-half of the part A deductible.

These measures undoubtedly will provide valuable protection for the 5.5 million medicare beneficiaries who are expected to be hospitalized in 1974. But I strongly believe that further improvements are essential to guard against the ruinous cost of an illness requiring prolonged institutionalization.

To my way of thinking, the aged and disabled—as well as their families—deserve strengthened protection against these potentially catastrophic expenditures, which can in a matter of weeks or months obliterate a lifetime of savings, hard work, and diligence.

Unfortunately illness strikes with far greater frequency and severity at a time in life when those affected can least afford it.

This is especially true in the case of hospitalization. As of 1972 there were nearly 12 million medicare beneficiaries who had been hospitalized since the program began. More than 130,000 of these individuals were forced to draw upon their lifetime reserve after exhausting the 90 days of covered care regularly available during a benefit period. Of this total, 25,000—or 19 percent—exhausted their lifetime reserve.

These individuals, it should be pointed out, have typically incurred several thousand dollars in hospital bills, much of which has been paid from their own resources. The harsh reality is that the threat of bankruptcy by hospitalization is all too real for aged and disabled Americans confronted with lengthy institutionalization. And all too often, these are the individuals who can least afford it.

But my amendment would provide a constructive means for improving medicare coverage for these persons. First, it would increase from 150 to 210 days the number of covered hospital days under medicare for individuals who are determined to require this care. Second, by reducing the coinsurance charge from one-half to one-fourth of the hospital deductible, major savings could be provided for persons who must utilize their lifetime reserve. In some cases, this amount could exceed \$1,000.

During the past Congress, the House and Senate approved a portion of my amendment. For example, the House-passed version of H.R. 1—which ultimately became the 1972 Social Security Amendments—would have increased the medicare lifetime reserve from 60 to 120 days. Moreover, the House bill would have established a daily coinsurance amount equal to one-eighth of the inpatient hospital deductible for persons hospitalized from 31 to 60 days.

This latter provision was later deleted by the Finance Committee. But on the other hand, the Finance Committee proposed to reduce the coinsurance amount applicable to the lifetime reserve from

one-half to one-fourth of the hospitalization deductible.

In conference committee, all three provisions were eliminated.

So, in one form or another, either the Senate or the House has put its stamp of approval on the provisions of this amendment.

Today many Americans believe that medicare pays for almost all of the hospital and medical bills of the aged and disabled. But they should know better.

In fact, medicare covers only about 42 percent of their health care expenditures. Major gaps in coverage still exist, and must be closed.

Quite clearly, economic security in retirement can never be fully attained until we come to grips with some of the costly drains upon their limited incomes, such as the high and potentially ruinous cost of hospitalization for extended periods.

Mr. President, I urge adoption of my amendment.

In that connection, I ask that, in addition to the names of Senators CLARK, WILLIAMS, MCGOVERN, ASOUREZK, RIBICOFF, HART, MCGEE, HUMPHREY, MOSS, BAYH, and PELL, Senators METCALF, TUNNEY, and JAVITS be added as cosponsors of this amendment.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

Mr. NELSON. Mr. President, one-half of the proposal just made by the Senator from Idaho was passed last year. The House conference, as the Senator may recall, declined to accept it.

I think it is a meritorious proposal, although I understand it will cost about \$75 million, but I am prepared to accept the amendment.

Mr. CHURCH. I thank the Senator very much. I just point out that though the cost would be approximately \$75 million, it is also true that the present hospital insurance trust fund is sufficiently large to accommodate the increased costs without any addition to the tax. That is still another good reason that this amendment should be retained in the final version of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment was agreed to.

#### AMENDMENT NO. 727

Mr. EAGLETON. Mr. President, I call up my amendment No. 727 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of part E of title 5 of the bill, insert the following new section:

#### DEFINITION OF "SPELL OF ILLNESS" UNDER MEDICARE

Sec. . (a) Section 1861(a)(2) of the Social Security Act is amended to read as follows:

"(3) ending with the close of—

"(A) the first period of sixty consecutive days thereafter on each of which he is neither (i) an inpatient of a hospital nor (ii) an inpatient of a skilled nursing facility, or

"(B) in the case such individual meets the condition imposed by subparagraph (A) (i) but does not meet the condition imposed by subparagraph (A) (ii), the first pe-

riod of one hundred and eighty consecutive days thereafter on each of which—

"(i) he is an inpatient of a skilled nursing facility,

"(ii) receives neither (I) skilled nursing care and related services (as described in subsection (j)(1)(A)), nor (II) rehabilitation services (as described in subsection (j)(1)(B)), and

"(iii) such facility is not receiving payment for skilled nursing services provided to such individual under a State plan approved under title XIX."

(b) The amendments made by this section shall be applicable in the case of determinations under title XVIII of the Social Security Act, with respect to the ending of any spell of illness, made after the date of enactment of this Act; except that no spell of illness shall, by reason of such amendments, be determined to have ended prior to the date of enactment of this Act.

Mr. EAGLETON. Mr. President, this amendment is designed to enable elderly persons residing in nursing homes to break the medicare "spell of illness" or benefit period and renew their eligibility for hospital insurance benefits.

Under the part A hospital insurance program, limited hospital, extended care, and home health benefits are available during a single "spell of illness." When those benefits are exhausted, no further benefits are available until there is a new benefit period. The "spell of illness" concept springs from the basic intent of medicare to provide protection against health care costs associated with relatively short-term acute illnesses.

Under current law, a benefit period is ended with the close of the first period of 60 consecutive days on each of which the individual "is neither an inpatient of a hospital nor an inpatient of a skilled nursing facility."

For purposes of this section of the law, a skilled nursing facility is defined as an institution which "is primarily engaged in providing to inpatients (A) skilled nursing care and related services for patients who require medical or nursing care, or (B) rehabilitation services for the rehabilitation of injured, disabled, or sick persons."

The result of the law is that a person who resides in a skilled nursing facility, even though he or she is receiving a level of care lower than skilled nursing, is unable to break a benefit period.

The situation was summarized very succinctly in a letter to me of April 20, 1972, from then Commissioner of Social Security Ball:

Once a person has used up his benefit days, he cannot begin a new benefit period until he has not been an inpatient of any hospital or any institution that is primarily engaged in providing skilled nursing care for 60 consecutive days—whether or not the institution is participating in the Medicare program and regardless of the level of care he is receiving.

As we all know, many elderly people must spend their last years in a nursing home, not because they require skilled nursing care, but simply because they are no longer able to care for themselves in their own homes and a nursing home is the only available alternative. For these people the nursing home is not a medical institution but a substitute home.

Yet if the institution in which they

reside is determined to be a skilled nursing facility, they are denied the medicare benefits available to persons fortunate enough to be able to remain in their own homes.

When this matter came to the attention of the Congress in 1967, it was thought that the provision of 60 lifetime reserve hospital benefit days would solve the problem.

However, in my judgment this has not proved to be an adequate and equitable solution.

In the first place, the copayment for lifetime reserve days is now \$36 per day—a considerable burden on many elderly people. If the proposal by the Senator from Maine (Mr. MUSKIE) to freeze the hospital deductible for 1 year is not enacted into law, that copayment will rise to \$42 per day in 1974.

Second, even those lifetime reserve days may be exhausted. In the last year, at least two instances have come to my attention of nursing home residents who have used both the hospital care available during a single benefit period and the 60 lifetime reserve days. These people, who will be confined to nursing homes for the remainder of their days, will have no further hospital insurance benefits under medicare.

It is my understanding that the law is written as it is because there is concern that if a benefit period could be broken in the case of a nursing home resident by a 60-day period during which he or she was certified as receiving a level of care lower than skilled nursing the result would be an artificial shifting of patients back and forth between levels of care for the purpose of qualifying them for additional medicare benefits.

Whether or not this could or would happen, I do not know. But I believe the answer is not to deny all nursing home residents the opportunity to renew their eligibility for hospital insurance benefits but to devise an adequate test for determining whether a person is actually receiving long-term personal or custodial care as opposed to skilled nursing care.

Therefore, my amendment provides that a person residing in a skilled nursing facility may end a spell of illness with the close of the first period of 180 consecutive days on each of which he was receiving neither skilled nursing care nor rehabilitation services and the nursing home was not receiving payment for skilled nursing services provided him under the State's medicaid program.

My amendment, I want to make clear, is not designed to provide medicare coverage for long-term custodial care. Under current law reimbursement for such care is specifically excluded.

My amendment is designed simply to enable persons who require personal or custodial care to have the same medicare benefits that are available to others.

I urge the adoption of this amendment.

Mr. NELSON. Mr. President, I do not have any objection to the amendment. The objective is sound. I am prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 727 of the Senator from Missouri.

The amendment was agreed to.

AMENDMENT NO. 722 AS MODIFIED

Mr. EAGLETON. Mr. President, I call up an additional amendment No. 722, and ask that it be stated.

The PRESIDING OFFICER. The amendment (No. 722) of the Senator from Missouri will be stated.

The legislative clerk read as follows:

At the end of part C of title I of the bill, insert the following new section:

DISREGARD, UNDER MANDATORY MINIMUM STATE SUPPLEMENTATION OF SOCIAL SECURITY INSURANCE BENEFITS PROGRAM OF SOCIAL SECURITY INSURANCE INCREASES AND OF OLD-AGE SURVIVORS, AND DISABILITY INSURANCE INCREASES

SEC. 128. For purposes of determining, under section 212(a)(3)(C)(iii) of Public Law 93-66, the amount of any income of any individual for any month referred to in such section, there shall be disregarded (1) in the case of any individual, so much of any supplemental security income benefit payable under title XVI of the Social Security Act to such individual for such month as is attributable to any increase in supplemental security income benefits payable under such title resulting from the enactment of section 210 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives a monthly insurance benefit to which he is entitled under title II of such Act, so much of such monthly benefit as is attributable to any increase in social security benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (3) in the case of any individual who is entitled to annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, so much of the regular monthly payment to which such individual is entitled as annuity or pension thereunder by reason of the first proviso in section 3(e) of the Railroad Retirement Act of 1937 which results from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title).

Mr. EAGLETON. Mr. President, because amendment No. 722 as printed contains certain technical and printing errors, I ask unanimous consent that a copy of amendment No. 722 as modified to correct those errors may be sent to the desk.

The PRESIDING OFFICER. The amendment will be so modified.

The text of the amendment (No. 722), as modified, is as follows:

At the end of part C of title I of the bill, insert the following new section:

DISREGARD, UNDER MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM, OF SUPPLEMENTAL SECURITY INCOME INCREASES AND OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE INCREASES

SEC. 128. For purposes of determining, under section 212(a)(3)(C) of Public Law 93-66, the amount of any income of any individual for any month referred to in such section, there shall be disregarded (1) in the case of any individual so much of any supplemental security income benefit payable under title XVI of the Social Security Act to such individual for such month as is attributable to any increase in supplemental security income benefits payable under such title resulting from the enactment of section 210 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives a monthly insurance benefit to which he is entitled under title II of such Act, so much of such monthly benefit as is attributable to any increase in

social security benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (3) in the case of any individual who is entitled to annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, so much of the regular monthly payment to which such individual is entitled as annuity or pension thereunder by reason of the first proviso in section 3(e) of the Railroad Retirement Act of 1937 which results from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title).

Mr. EAGLETON. Mr. President, I ask unanimous consent, in addition to the original cosponsors as listed on the amendment, Senators RIBICOFF, HATHAWAY, BROOKE, STEVENS, CRANSTON, and HUMPHREY be added as cosponsors of this amendment.

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

Mr. EAGLETON. Mr. President, the purpose of my amendment is to assure that those aged, blind, and disabled persons who will be receiving mandatory State supplementary payments under the supplemental security income program will receive the cost-of-living increases proposed in this bill without having those increases deducted from their State supplementary payments.

H.R. 3153, the bill before us, provides two increases in social security benefits and supplemental security income payment levels during 1974 to help the aged and disabled living on fixed incomes cope with the ever-increasing cost of purchasing the essentials of life.

Social security beneficiaries would, under this bill, receive a 7-percent increase in benefits for the month during which the bill is enacted. A second 4-percent increase would be effective for the month of June 1974.

Where SSI payment levels were to have been \$130 for an individual and \$195 for a couple beginning in January, these initial payment levels would be \$140 for an individual and \$210 for a couple. In July 1974 payment levels would be increased to \$146 for an individual and \$219 for a couple.

Under these provisions of the bill, those persons who receive only a social security benefit, those persons who will receive only an SSI payment, and those persons who will receive a combination of social security and SSI will have cost-of-living increases in 1974.

But, Mr. President, we must not overlook the fact that there is a third group of aged, blind, and disabled persons who may be denied any increase in income in 1974. I refer to those persons who will be receiving State supplementary payments under the SSI program.

This group itself is composed of two categories.

First, there are those aged, blind, and disabled persons who are now receiving assistance through State public assistance programs and who will be transferred to SSI in January.

Second, there are those persons who will be newly eligible for assistance under SSI.

For the latter group, a supplementary payment by their State is strictly optional. A State may choose whether or

not to supplement the basic SSI payment and the amount of any payment to be provided. Those States providing optional supplementary payments also obviously have the option of "passing-thru" the social security/SSI increases next year or of declining to do so.

At the time the original SSI legislation was enacted in 1972, all supplementation by the States was left optional even though it was clear that approximately one-half of current recipients—or about 1.7 million people—would lose income without State supplementation. The operational theory was that the States would voluntarily do what was necessary to prevent a loss of income by any of their aged, blind, and disabled recipients.

However, by June of this year there was sufficient concern that all States would not act voluntarily that Congress enacted section 212 of Public Law 93-66.

This section requires the States—if they wish to continue receiving Federal matching funds for Medicaid—to make such supplementary payments to current aged, blind, and disabled recipients as are necessary to assure that their total income in January 1974 and succeeding months is no less than their total income in December 1973.

In other words, the States are required to maintain the income of these persons at a level prior to the receipt of the cost-of-living increases proposed for 1974.

If we do not require the States to disregard the social security/SSI increases in computing the amount of their supplementary payments, many States may simply reduce their payments by the amount of these increases, thus effectively denying these people any increase in income in 1974.

Mr. President, we have the authority to assure that this does not happen; I believe we also have that responsibility.

My amendment would merely require the States to make the same supplementary payments to these people that they would have made if the social security/SSI increases had not occurred.

I ask unanimous consent that a State-by-State estimate of the numbers of persons who will be receiving mandatory State supplements be printed at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

TABLE 1.—SUPPLEMENTAL SECURITY INCOME PROGRAM: ESTIMATED NUMBER OF RECIPIENTS RECEIVING BENEFITS UNDER MANDATORY STATE SUPPLEMENTATION, FISCAL YEAR 1974

	Recipients affected by mandatory State supplementation	Affected recipients with total mandatory supplements below States' optional payment level	Recipients receiving benefits under mandatory State supplementation
United States . . . . .	1,724	507	1,217
Alabama . . . . .	62		52
Alaska . . . . .	2		2
Arizona . . . . .			
Arkansas . . . . .	35		35

	Recipients affected by mandatory State supplementation	Affected recipients with total mandatory supplements below States' optional payment level	Recipients receiving benefits under mandatory State supplementation
California . . . . .	462	250	212
Colorado . . . . .	28		28
Connecticut . . . . .	15		15
Delaware . . . . .	4		4
District of Columbia . . . . .	9		9
Florida . . . . .	43		43
Georgia . . . . .	40		30
Hawaii . . . . .	3	1	3
Idaho . . . . .	4		4
Illinois . . . . .	58		58
Indiana . . . . .	10		10
Iowa . . . . .	10	1	9
Kansas . . . . .	3		3
Kentucky . . . . .	21		21
Louisiana . . . . .	58		58
Maine . . . . .	14		14
Maryland . . . . .	9		9
Massachusetts . . . . .	76	42	34
Michigan . . . . .	63	21	42
Minnesota . . . . .	15		15
Mississippi . . . . .	18		18
Missouri . . . . .	73		73
Montana . . . . .	4		4
Nebraska . . . . .	8		8
Nevada . . . . .	3	1	2
New Hampshire . . . . .	2		2
New Jersey . . . . .	31	17	14
New Mexico . . . . .	3		3
New York . . . . .	216	138	78
North Carolina . . . . .	16		16
North Dakota . . . . .	5		5
Ohio . . . . .	36		36
Oklahoma . . . . .	49		49
Oregon . . . . .	11		11
Pennsylvania . . . . .	51	23	28
Rhode Island . . . . .	7		7
South Carolina . . . . .	3		3
South Dakota . . . . .	2		2
Tennessee . . . . .	17		17
Texas . . . . .	59		59
Utah . . . . .	1		1
Vermont . . . . .	6		6
Virginia . . . . .	13		13
Washington . . . . .	25	7	18
West Virginia . . . . .	6		6
Wisconsin . . . . .	19	6	13
Wyoming . . . . .	1		1

<sup>1</sup> Survey data not available.

Mr. EAGLETON. As this table indicates, some persons in every State and the District of Columbia will be receiving mandatory State supplementary payments. Naturally, this matter looms larger in some States than in others because of the proportion of aged, blind, and disabled recipients affected. I certainly make no bones about the fact that I am offering this amendment today primarily because of its import in Missouri.

The Social Security Administration estimates that 73,000 persons will receive mandatory State supplements in Missouri. Whatever the reason for the discrepancy, the Missouri Division of Welfare puts that number at 85,000—or about 70 percent of current adult assistance recipients in Missouri.

Sixty-one thousand of these people will receive a State supplement in addition to a small social security benefit and a SSI payment. An additional 24,000 people will have a social security benefit too high to qualify them for SSI, but they will still be eligible for a State supplementary payment.

If there is an increase in social security benefits and SSI payments in January, under the Missouri authorizing supplementary payments, those payments will be reduced from what they otherwise would have been by the amount of the social security and SSI increases.

The result: 85,000 aged, blind, and dis-

abled persons in Missouri will be deprived of any increase in income in January.

I want to make it clear that this indicates no particular perversity on the part of the State of Missouri. It is simply what will happen under the State law which is in compliance with the requirements of section 212 of Public Law 93-66. And it will result in an automatic savings of several million dollars in State funds. There is every reason to believe that the same thing will occur in most, if not all, States.

The only way to guarantee that it does not happen is to include in this bill a provision requiring the States to disregard these cost-of-living increases.

Mr. President, when we consider people who will be receiving State supplementary payments we are not talking about people with lavish incomes.

Of the 85,000 in Missouri who will receive State supplements, roughly half have incomes at or below the official poverty level. They are certainly among those people who have been most devastated by the inflation of recent months. They, as much as anyone, deserve a cost-of-living increase next year.

I also want to emphasize the fact that I am not proposing something unprecedented. In the past, we have often provided for the "pass-thru" of at least some part of a social security increase to persons on State public assistance rolls.

In fact, H.R. 3153 provides for a "pass-thru" to recipients of aid to families with dependent children—AFDC—by requiring the States to disregard 5 percent of social security income effective with the month in which the social security increase is received.

My amendment simply provides, through a different mechanism, a "pass-thru" for persons currently receiving old age assistance, aid to the blind, and aid to the permanently and totally disabled.

Mr. President, we are now taking the unusual step of reconsidering our previous decision on a social security increase next year. We have been moved, by evidence of the severe impact of inflation on the elderly and the disabled, to provide a larger and an earlier increase than was authorized last summer.

We have the authority, and I believe we have the responsibility, to guarantee that 85,000 people in my State and 1.7 million people nationwide are not denied this cost-of-living increase in 1974.

I urge the adoption of this amendment.

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

Mr. EAGLETON. I yield.

Mr. JAVITS. Mr. President, the Senator's amendment has not been available to me and I do not think it has been available to anybody else, because he sent it to the desk as modified. I am not trying to impede him on that score. We will get it promptly. But I believe that we understand it, and I should like to ask him this question with respect to New York and 9 other States—10 altogether—of the so-called high benefit level States: Is it true that, though the passthrough would be compelled even in the high-payment States, the Eagleton amendment would not give us the Fed-

eral money with which to do it? It would just make my State pay money, even though it cannot afford it, in order to meet that benefit level.

Mr. EAGLETON. That is the case under my amendment with respect to nine States, including New York and California.

Mr. JAVITS. I ask the Senator whether it would not be fairer to let his amendment wait on the amendment of Senator CRANSTON, which will endeavor to correct that inequity, which was an inequity inflicted upon us on the floor of the House, rather than make many of us who would favor the Eagleton amendment vote against it because it is simply unfair to our States. It makes us pay money, without giving us any Federal support for it. Hence, at least in my judgment, we should have the option not to pay it if we do not feel we should, without Federal reimbursement.

Mr. EAGLETON. The Senator makes a good point.

My amendment creates no problem in 41 States. The Senator from New York has pointed out the problem it creates in nine other States.

I take it that, were my amendment to be adopted, the proposal suggested by the Senator from New York, which I am sure the Senator from California intends to pursue, would still be in order, and I would support it.

But I am hopeful that even if the Cranston amendment does not float, my amendment will.

Mr. JAVITS. I appreciate the Senator's situation. But is it not true that from a practical voting standpoint the Senator might find he might lose something he ought to win?

Mr. EAGLETON. I did not assume the Senator from New York would vote against my amendment since it does not preclude going further with the concept espoused by the Senator from California.

Mr. JAVITS. I realize that. Because it precedes the action on the Cranston amendment we have to pay out of the State treasury, no matter what happens to the Cranston amendment.

Mr. EAGLETON. If the Cranston amendment is offered as an amendment to the Eagleton amendment I will vote for it and we will see how that goes. If it goes as I hope we would not have to say anything more today.

Mr. CRANSTON. Mr. President, I would like to offer this amendment as an amendment to the Eagleton amendment.

Mr. JAVITS. That is fine.

Mr. CRANSTON. Mr. President, I offer it as a perfecting amendment. The Senator can accept it.

Mr. EAGLETON. First, let me propound a parliamentary inquiry. I think I know the answer.

The PRESIDING OFFICER. The Senator will state it.

Mr. EAGLETON. If the perfecting amendment of the Senator from California is incorporated in my amendment and then my amendment is rejected, from a parliamentary point of view would I be permitted to reoffer my original amendment as unperfected?

The PRESIDING OFFICER. Either amendment could be offered separately.

Mr. EAGLETON. Did I state my question to the Chair in a clear way? Perhaps I did not. I wish to repeat my question.

We have before us amendment No. 722. It is the intention of the Senator from California to offer a perfecting amendment to that amendment and I am about to accept it. If that total amendment is rejected, am I free, from a parliamentary point of view, to reoffer my original amendment, without the Cranston perfecting amendment?

The PRESIDING OFFICER. The Senator can offer his amendment.

Mr. EAGLETON. The Senator offered a perfecting amendment and I am willing to accept that amendment to my amendment.

Mr. LONG. Mr. President, have the yeas and nays been ordered?

Mr. EAGLETON. No; they have not.

The PRESIDING OFFICER. The Senator from Missouri has a right to modify his amendment. Is that what the Senator is doing?

Mr. EAGLETON. Mr. President, I will send to the desk a modification of my amendment as suggested by the Senator from California (Mr. CRANSTON) and others.

The PRESIDING OFFICER. The amendment will be so modified. The modification, is as follows:

LIMITATION ON FISCAL LIABILITY OF STATES FOR OPTIONAL STATE SUPPLEMENTATION OF SSI BENEFITS

SEC. —. Section 401 (b) (1) of the Social Security Amendments of 1972 is amended—

(a) by striking out "and" at the end of clause (A);

(b) by striking out the period at the end of clause (B) and inserting in lieu thereof ", and"; and

(c) by adding immediately after clause (B) the following new clause:

"(C) in the case of any month, 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 121 of the Social Security Amendments of 1973."

Mr. EAGLETON. Mr. President, without losing my right to the floor, I yield to the Senator from California such time as he may desire to explain the modification.

Mr. CRANSTON. Mr. President, I think all I need to say is that the original form of the Eagleton amendment federally mandated that nine States, from their already strained resources, would have to pay to all present adult recipients the cost of the federally mandated cost-of-living increase. My amendment corrects that obvious inequity. It seems eminently appropriate that the Federal Government pay for Federal generosity with Federal money. That is what my amendment would do.

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

Mr. CRANSTON. I am delighted to yield.

Mr. CURTIS. What we are talking about here is the SSI benefit. Is that not true?

Mr. CRANSTON. I beg the Senator's pardon.

Mr. CURTIS. We are talking about the SSI benefit for the aged, blind, and disabled. Is that correct?

Mr. CRANSTON. That is correct.

Mr. CURTIS. That program goes in on January 1.

Mr. CRANSTON. That is correct.

Mr. CURTIS. And it is a program that heretofore has had Federal and State matching. Is that not correct?

Mr. CRANSTON. That is correct.

Mr. CURTIS. And under the new program the Federal Government pays the entire check.

Mr. CRANSTON. Yes; except for the federally mandated supplementation the States must pay to all present recipients if the present benefit levels exceed the SSI payment level—which is the case in the nine States that my amendment covers.

Mr. CURTIS. Well, they pay the entire check according to the schedule set forth in the Federal statute, but because that would mean a reduction in payment to some individuals, the Federal Government has demanded as a quid pro quo for taking over the whole load that the States make a mandatory supplemental payment so that no one gets less than they got this year. Is that correct?

Mr. CRANSTON. Yes; that is the intent.

Mr. CURTIS. Now, as a matter of fact, the nine States the Senator is talking about are still coming off better than they were before the SSI program was enacted. Is that correct?

Mr. CRANSTON. No; that is not true.

Mr. CURTIS. Well, I think it is.

Mr. CRANSTON. The responsibility of the States and the numbers of recipients under the new program will extend beyond what is now covered, and that responsibility to meet that situation—for a number of reasons—will fall upon the State rather than the Federal Government.

Mr. CURTIS. I am afraid my question was misunderstood. At the present time those States are paying certain sums to the blind, disabled, and the aged, and they are going to be relieved of that. Is that correct?

Mr. CRANSTON. In part, but not wholly.

Mr. CURTIS. The part they are relieved of they will end up spending less money for these three programs than they are spending now.

Mr. CRANSTON. The Federal Government is mandating an increase in the number of people covered, it has not extended hold harmless to cover benefit increases since 1972, and yet it has mandated that the States, in supplementing SSI, do so up to December 1973 levels—no; in many States we will not be spending less.

Mr. CURTIS. I am talking about the whole expenditure, not just the mandated part; the total expenditures made for these programs by the State of California will be less than it is now.

Mr. CRANSTON. That is not true because the Federal Government is mandating who is eligible. There is a vast expansion of adult recipient eligibility;



and that, combined with other factors, will increase the cost to the State of California and to many other States.

Mr. CURTIS. I do not believe that is a correct statement of the situation. What is happening at the present time is that every check that people in these three categories get is part State money and part Federal money; and up to the limit of the Federal new program it is all Federal money. Now, even though you do have to make a supplement, I think you are coming out ahead.

Mr. CRANSTON. Mr. President, what we have here is a federally financed cost-of-living increase for all States except nine, including California.

This amendment, cosponsored by Senators KENNEDY, JAVITS, BROOKE, and CASE, is designed to insure that certain SSI recipients are not denied the benefit of the Finance Committee provision which provides that the new supplemental security income program guaranteed income levels for the aged, blind, and disabled—originally scheduled to be \$130 for an individual and \$195 for a couple—be increased to \$140 for an individual and \$210 for a couple when the program begins in January. As Senators are aware, the committee included a further provision which, beginning July 1974, would increase the guaranteed income level to \$146 for an individual and \$219 for a couple.

This committee provision, which I very strongly support, is an attempt by the committee to reflect for SSI recipients the benefit increases which are contained in H.R. 3153 for social security recipients. However, as the committee bill is now constituted, in some nine States—California, New York, New Jersey, Wisconsin, Massachusetts, Nevada, Hawaii, Michigan, and possibly Rhode Island—SSI recipients will not receive the benefit of this increase because there is no provision to “pass-along” increases without creating significant extra costs to the affected States.

Very simply put, the amendment I propose would provide that these nine States be held-harmless for these SSI increases, so the States will pass these increases along to recipients in those States.

The House Ways and Means Committee did include such a provision, though only effective for 1 year, but it was deleted from the House bill during extensive and rather confusing floor debate.

As the distinguished chairman of the Finance Committee so well knows, this entire issue is very, very complicated, and I will try, for the benefit of my colleagues to put it as simply as possible.

The key issue during the debate surrounding the passage of the Social Security Amendments of 1972—H.R. 1 in the last Congress—was the conceptual and practical difficulty of reconciling the wide disparities of 50 State welfare programs into a single national program. We all felt at the time, I believe, that while solidifying 50 distinct adult welfare programs into one equitable and uniform bill was going to be almost impossible, it was time to take the first big step forward.

Nearly everyone agreed that a national

“minimum income floor” was needed in lieu of the varying percentage matching arrangements already in existence. The primary question was how to establish such a floor without hurting recipients who were receiving more than that income floor—such as in the nine States I mentioned above. This then led to the related issue of Federal fiscal responsibility for such recipients once the States were “out of the picture”—that is, responsibility for setting eligibility requirements, Federal/State cost sharing, and administration of the new program.

The present hold harmless provision added by H.R. 1 then became the vehicle for reconciling all of these issues. Hold harmless was clearly a key provision of the legislation, without which there would very likely be no SSI program today.

It was never intended that the hold harmless provision would be a means of freezing payment increases by the Federal Government for those recipients in those States who, in good faith, supported H.R. 1. Rather, hold harmless was, as I understood it, designed to provide States with protection against cost increases which were expected to be incurred in the newly Federalized program because of the expanded Federal eligibility. Hold harmless also was to serve as an incentive for States to turn over their programs to the Federal Government for administration not only of the Federal floor but also the State supplementation under rules set by the Federal Government.

I should add here, parenthetically, that my own State, because of certain legal difficulties, will not be able to turn State supplementation over to the Federal Government until sometime this January after legislative action. At any rate, the incentive for this turn-over was, of course, the Federal Government's fiscal responsibility under the present “hold harmless” provision to underwrite future increased caseload costs that were incurred as the result of the new Federal program.

The bill before us today, without the House Ways and Means Committee provision, changes the rules of the game. The whole question of the Federal/State relationship is clouded with regard to the responsibility for recipients in the future.

If the nine States effected are simply to be told that they may spend State money to increase SSI payments—and if the Eagleton amendment is adopted, they will have to spend it—then the overall uniformity and equity purpose of SSI as a national program will have been subverted.

What will occur is that a federally funded cost-of-living increase for SSI recipients will be approved—in all but nine States, nine States in which something like 40 percent of the SSI population resides.

Mr. President, I do not believe that 40 percent is a parochial, “my State” issue. What we have here is a situation wherein those States which in the past have made the greatest fiscal effort on behalf of the poor, there will be no 100-percent federally financed cost-of-living increase.

I would most strongly urge my colleagues to join in supporting this amend-

ment I am now offering as a perfecting amendment to the pending amendment No. 722. It is, I believe, absolutely essential if we are to insure that the SSI program does not work against the concepts which it was originally conceived to reflect.

Mr. LONG. Mr. President—

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

Mr. EAGLETON. Mr. President, I believe I have the floor. I yielded to the Senator from California with the right to control the floor.

Mr. LONG. Mr. President, I demand the regular order.

The PRESIDING OFFICER. The regular order is demanded.

Mr. LONG. I would like to say something about the amendment.

Mr. EAGLETON. I yield the floor.

Mr. LONG. Mr. President, here is what Mrs. GRIFITHS said about a similar amendment on the House side:

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 153 percent of the poverty line—to \$355.50; Wisconsin from \$328—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.”

Mr. President, mind you, this amendment would permit the States of New York, California, Wisconsin, New Jersey, Michigan and Massachusetts, all relatively wealthy States, to raise the amount of money their people would get far beyond what the rest of us would get, and leave all of us poor States out.

Ohio would not get anything. All it would get is the privilege of helping pay for all this. This is strictly on the principle of “The rich get richer and the poor get poorer.” For years I have tried to understand the biblical injunction,

To him who has, it shall be given, and to him who has not, it shall be taken away.

That is the logic of the amendment, inasmuch as it provides that those that have so much more ought to get still more. We others will pay for it but will not share in any of the benefits.

Anyone who wants to vote for that, go ahead, but I challenge you to explain to your constituents why you are such a complete sap or why you think these other States ought to get more than yours merely because they have more money to begin with.

I say to those Senators, if they cannot find some way to modify the amendment so that those in the poorer States can get in on the act, then obviously it has not been adequately considered. I am anxious to see how many Senators will come up here and say they cannot do anything for their people but can join in concert to help the rich get richer while they see their people in the poorer States get poorer. I will say it will be a political miracle when, with that kind of legislative proposal, there are enough votes in the Senate to get it through.

I suggest, after this proposal has been voted down, that its sponsors go back and try to find some way where they can benefit their people and where the ma-

majority of the people can be benefited, particularly those of us who are in the poorer States, who need the money as much as they do. If they can do that, maybe we will vote with them. But it absolutely insults the intelligence of people who come from 40 States to think that we would vote for something of this sort. It is fine if you can get away with it, but you ought to try to do it when there are less people around.

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

Mr. LONG. I yield.

Mr. JAVITS. Does the Senator include in his stringent indictment—and something which violates the Senate rules when he says a Senator who would be voting for this amendment would be a sap; but, be that as it may, we are not children; nobody is going to call the Senator for that violation—does the Senator include the House Ways and Means Committee, bearing in mind that the House Ways and Means Committee included this amendment in its report, and Mrs. GRIFITHS, of the House, changed her position? Do I understand the Senator includes in his indictment the House Ways and Means Committee, or was it reserved exclusively for Senators?

Mr. LONG. Do not have me say something I did not say. Going down this list of States—New York, California, Michigan, Wisconsin, New Jersey, Massachusetts, and others—they have more Representatives than Senators. They may have put this in a bill in the House Ways and Means Committee, but when they voted on the House floor they still did not have a majority. That is why they voted it down.

I am not accusing anybody of being a sap. But I wonder if there is one Senator who comes from any State other than these six States who is going to vote for this amendment. If he does, I will amend my statement to call him something other than a sap.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the Senator include me in that category, because I am going to vote for it, and I am not in the top nine.

Mr. LONG. Well, the Senator had not heard the explanation prior to this time. I feel when one understands what this amendment does he might feel differently about it. But the Senator is accepting an amendment to an amendment offered by him. I assume the amendment he offered would be a good thing for the State of Missouri, so there should be enough of a sweetener in the Eagleton amendment to justify agreeing to accept the Cranston amendment as a modification of his amendment.

I would say to those of us who do not see anything in it for our States that we would be very ill-advised to vote for the amendment. I personally think, speaking for myself—I think I can speak for myself—I would be a sap to vote for the amendment. Maybe somebody else would find some good reason to vote for it.

Mr. President, I am led to believe that we will have the Eagleton amendment offered in its other form in the event

that it is not agreed to in this form. I would hope that we can vote on it. If there is no objection, I am going to move that this amendment be laid on the table. If a Senator wants to make a speech, I am willing to wait and let him speak, but I think we will vote this amendment down.

Mr. CRANSTON. I have one comment to make. The Senator from California would consider himself a sap if he did not seek to have his amendment agreed to.

Mr. LONG. I would say that the Senator is a genius if he can put this amendment over. He would be one of the most effective statesmen we have had in this body for a long time.

Mr. President, I move to table the amendment.

Mr. JAVITS. Mr. President, will the Senator withhold that motion at this time? Any of us can move to table lots of things. Does the Senator mind?

Mr. LONG. I withhold my motion.

Mr. JAVITS. Mr. President, before we table this amendment, or try to table it, I think it ought to be understood; and with all respect, I do not think it is understood.

I support the amendment offered by the Senator from California. I support it in the interest of my own State. With 18½ million people in New York and 20 million in California, we do not have to apologize for belonging to the United States.

I must say that there rings in my ears a strange note from another day to hear the fact that because only nine States are involved means that it has got to be turned down. If we start to legislate that way in the U.S. Senate, we can kiss the United States, its form of government, and its Constitution goodbye.

I have seen lots of people passionately defended—individuals, or even one corporation, or even one big corporation, notwithstanding that that is not supposed to be very popular. I am all for it. The day we stop legislating that way, and the day we start legislating by how many States are going to be benefited, it is going to be a very sad day for the United States of America.

Let us find out what this is all about. Let us not be in such a hurry to cry, "Hey, Rube," and get rid of it. That is what this sounds like.

What is at stake here? What has happened?

A year or so ago we passed a law in which the United States took all this program over. That is not this bill. That is not really what is being objected to. That bill was passed a year ago.

We are now proposing to increase the benefits. Everybody cheers. There are many States—and they have been named—that pay benefits above what the United States supports, and for many reasons. In the industrial States, the cost of living is higher. They have higher living conditions. Everybody is going to be raised in this country. In this instance, the Federal Government is going to pay the tab. But because these States have had the humanity and the decency to support their people properly, they are going to be penalized. Their people are

not going to get the increase that everybody else is going to get—everybody—but they will get it only if the State pays for it out of its own resources.

Everybody else will be funded by the United States. But those nine States, because they have had the decency and the humanity to maintain excellent income levels, what the Senator from California (Mr. CRANSTON) and I, and other Senators, are arguing is the fear that precisely because of the argument that the Senator from Louisiana (Mr. LONG) has used is exactly why we should win and not lose.

It is precisely for that reason that we ought to be fair. We have the intelligence to see that if somebody else has been wanting to adhere to a standard, which is a decent standard, as far as their people are concerned, we are not going to be unfair to them when it comes to increasing benefits all along the line. We are not going to deny it to them because their States have proceeded in a better way.

That is what it comes down to. I have very grave doubts as to whether New York State can scratch up \$48 million for this. We are in lots of trouble in my State, and many other States in the list are in essentially the same position.

What will happen? Our beneficiaries will not get the increase that the Americans in the other 49 States get. And if that is the way the United States wants to operate, that is all right. These are facts and not hyperbole. I do believe that the Senate ought to understand the facts before it votes.

I appreciate very much the Senator from Louisiana (Mr. LONG) affording me the courtesy of allowing me to express my views, because the Senator could have cut us off.

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

Mr. JAVITS. I yield.

Mr. CRANSTON. Mr. President, is it not true that while we may be talking about nine States, I believe that we are talking about something like 40 percent of all of the welfare recipients, since they live in these nine States. It is a far broader thing than to say simply that nine States are involved.

Mr. JAVITS. And, while I have not toted it up, I have little doubt that the inhabitants of the nine States, between them, pay at least half of the income taxes in the United States.

I am aware that we cannot get parochial about this matter. New York is the seat of the stock exchange. California is the seat of many industries, and so forth. We are all interconnected. That is why we should do our utmost to understand the other fellow's problems, and we should not to try to act any other way.

Every once in a while on an issue a Senator will get up and say, "You can't win, because nine States are involved." Suppose we say that about every issue on the calendar. Suppose that we say, "You are only one man. You cannot win. Forget it."

We should not operate in that way. All we are trying to do is to have our States receive what they should receive.

Should that be the only criteria, how many States will get the benefit and how many will not, and that therefore, that we should vote it down?

Mr. LONG. Mr. President, in addition to favoring just six wealthy States of the Union, the amendment does not do any justice. It has no equity. And it really does not make good sense. For example, the way things would stand in these wealthy States that we are talking about, the people under present law will get \$130 a month under SSI. If a State adds \$50, their people would get \$180. Now, when the \$130 is raised to \$140, all the States have to do is to continue to put up their \$50, and those people would get \$190.

What these States would like to do is save the money while they still give their people more than everyone else gets. They want it on both ends, a double dip that no one else gets.

It is unfair. And it only benefits six States.

Mr. President, I move that the amendment be laid on the table.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Missouri. 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 South Dakota (Mr. MCGOVERN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Iowa (Mr. HUGHES), the Senator from Colorado (Mr. HASKELL), the Senator from Hawaii (Mr. INOUE) the Senator from Alabama (Mr. SPARKMAN), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The result was announced—yeas 57, nays 27, as follows:

[No. 532 Leg.]

YEAS—57

Alken	Church	Gravel
Allen	Cook	Gurney
Bartlett	Cotton	Hansen
Bayh	Curtis	Hatfield
Beall	Dole	Hathaway
Bellmon	Domenici	Helms
Bentsen	Dominick	Hollings
Bible	Eastland	Hruska
Brock	Ervin	Humphrey
Burdick	Fannin	Jackson
Byrd	Fong	Johnston
Harry F., Jr.	Fulbright	Long
Byrd, Robert C.	Goldwater	Magnuson

Mansfield	Pearson	Stevens
McClellan	Randolph	Taft
McIntyre	Roth	Talmadge
Mondale	Saxbe	Thurmond
Moss	Scott,	Tower
Muskie	William L.	Weicker
Nunn	Stafford	

NAYS—27

Biden	Griffin	Pastore
Brooke	Hart	Pell
Buckley	Hartke	Percy
Cannon	Huddleston	Proxmire
Case	Javits	Ribicoff
Chiles	Kennedy	Schwelker
Clark	Mathias	Scott, Hugh
Cranston	Metcalfe	Stevenson
Eagleton	Nelson	Tunney

NOT VOTING—16

Abourezk	McClure	Stennis
Baker	McGee	Symington
Bennett	McGovern	Williams
Haskell	Montoya	Young
Hughes	Packwood	
Inouye	Sparkman	

So the motion to table the Eagleton amendment was agreed to.

Mr. JAVITS and Mr. EAGLETON addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. EAGLETON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. EAGLETON's amendment is as follows:

At the end of part C of title I of the bill, insert the following new section:

DISREGARD, UNDER MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM, OF SUPPLEMENTAL SECURITY INCOME INCREASES AND OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE INCREASES

Sec. 128. For purposes of determining, under section 212(a)(3)(C) of Public Law 93-66, the amount of any income of any individual for any month referred to in such section, there shall be disregarded (1) in the case of any individual, so much of any supplemental security income benefit payable under title XVI of the Social Security Act to such individual for such month as is attributable to any increase in supplemental security income benefits payable under such title resulting from the enactment of section 210 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives a monthly insurance benefit to which he is entitled under title II of such Act, so much of such monthly benefit as is attributable to any increase in social security benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (3) in the case of any individual who is entitled to annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, so much of the regular monthly payment to which such individual is entitled as annuity or pension thereunder by reason of the first proviso in section 3(e) of the Railroad Retirement Act of 1937 which results from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title).

Mr. MANSFIELD. Mr. President, will the Senator yield to me?

Mr. EAGLETON. I yield to the Senator from Montana.

Mr. PASTORE. May we have order now, Mr. President?

The PRESIDING OFFICER (Mr. HART). The Senate will be in order.

Mr. MANSFIELD. Mr. President, what I would like at this time is to get an idea as to how many more amendments will be offered to the pending legislation.

First, I understand that the distinguished Senator from New York (Mr. JAVITS) will have an amendment on which I intend to suggest to the Senate that a time limitation of 1 hour, to be equally divided, be subscribed to. Then the Senator from Missouri (Mr. EAGLETON) has an amendment now pending—Mr. EAGLETON. Fifteen minutes.

Mr. MANSFIELD. I ask unanimous consent, Mr. President, on that amendment, that there be a time limitation of 15 minutes, to be equally divided between the sponsor of the amendment and the manager of the bill.

The PRESIDING OFFICER (Mr. HART). Without objection, it is so ordered.

Mr. MANSFIELD. Then there is the Senator from Connecticut—the Senator from Connecticut, the Senator from Delaware, the Senator from California—

Mr. PASTORE. The Senator from Rhode Island.

Mr. MANSFIELD. The Senator from Rhode Island. Well, anyway, there are many of them. Then the Senator from Alabama.

Mr. ALLEN. Mr. President, if the distinguished majority leader will yield briefly, the amendment of the Senator from Alabama is unique. It would take something away from the bill rather than add more to it. I should like to make that clear. [Laughter.]

Mr. MANSFIELD. Then, Mr. President, I ask unanimous consent that when the amendment of the Senator from New York (Mr. JAVITS) is called up, there be a time limitation of 1 hour with the time to be equally divided between the Senator from New York (Mr. JAVITS) and the Senator from Louisiana (Mr. LONG), the manager of the bill.

Mr. JAVITS. Mr. President, reserving the right to object—and I hope not to object—I have one or two stipulations to make in that regard. One is that I wish to understand that a motion will not be made, at least by anyone here—we cannot control others—to table the amendment. I said I would agree to a 1-hour limitation if I felt there was going to be no motion to table, so that Senators would not be buying a pig in a poke.

This is an effort to deal with the unemployment compensation trigger which has affected many States. It is the one opportunity we have to deal with a bill which originates with the Finance Committee and then goes to the Ways and Means Committee in the other body.

Mr. LONG. Mr. President, I am not planning on a motion to table, but I do not want to agree to that, as I do not want to start that kind of precedent. If we can agree to a limited time, when

the time for debate is over, Senators can do whatever they want to. The Senator from New York can talk as long as he wants to on his amendment. At the moment, I am not saying that I will make a motion to table, but I do not like to start that kind of precedent on unanimous-consent agreements.

Mr. JAVITS. I can appreciate that. In view of the fact that I agreed to a unanimous-consent request on that ground, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PASTORE. Mr. President, I realize that the attempt here is to help the elderly of our country. We are talking here about an 11-percent increase. I realize the nobility of many of these amendments which are being proposed here, but I question whether, in the conference, any one of them will survive.

I am wondering whether, therefore, instead of trying to do justice, we are not doing a grave injustice here. I realize that many issues raised here today have been raised before. We have taken votes on them. I am perfectly willing to stay here until midnight, or all night, if we have to, but if we go by 8 o'clock tonight, I believe we should stay here all night and finish this bill.

I should like to inquire of the distinguished majority leader, how long are we going to stay here tonight, so that we can call up our families or tell the airline either to heat up the jet, or just to forget it.

Mr. MANSFIELD. Well, I would say—a jet?—where is the Senator going to get the fuel?

Mr. PASTORE. Well, for the time being, it is there. [Laughter.] Later on, according to Senator JACKSON, it may not be there, but the fact is, United will be there.

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#### AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. MANSFIELD. Mr. President, I would suggest to the Senate that when we dispose of the Eagleton amendment we call it a night, go home, and have dinner with our families.

Mr. PASTORE. I want to thank the distinguished majority leader. [Laughter.]

Mr. EAGLETON. Mr. President, this amendment has a 15-minute time limitation on it. It is not my intention to consume the 7½ minutes allotted to me.

This amendment is the Eagleton amendment once again, but this time not perfected by the Senators from California and New York.

This amendment is in its pristine, original beauty and, in the words of the Senator from Alabama a few moments ago, this amendment is also unique. It does not add 10 cents of Federal money to the bill. It does not cost the U.S. Treasury one dime.

All this amendment does is this, with respect to the aged, blind, and disabled, if these fine increases already in the bill go into effect, initially the 7 percent increase and later on the 4 percent increase, the Eagleton amendment provides that the States cannot cut back their payments so as to absorb the increases which we have decided as a matter of national policy are vitally necessary.

What this amendment prevents is a windfall profit to State treasuries so that "When the Lord giveth"—and in this case it is the U.S. Congress—the 50 State Capitols do not take it away. That is about all this amendment does. It says that the benefits we think are just and to which the aged, blind, and disabled are entitled shall go forward, and that the States shall not sabotage the benefits by a pro rata cut in benefits at the State level, so that the individual is no better off tomorrow than he is today.

Mr. President, I reserve the remainder of my time.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, this amendment works in exactly the opposite direction to that in which the committee sought to move. The amendment is on the wrong basis. In the first place, it would treat those already on the rolls in December 1973 more favorably than those who are newly eligible. There is no justification why those previously on the rolls should be better off than those who later on come onto the rolls.

This amendment would also penalize the States which have been generous in their assistance level for the aged, blind, and disabled, by making them spend additional funds over and above present expenditures, while the States which have had low assistance payments are not so penalized and, in fact, would probably be relieved of most of their current costs.

Moreover, this amendment would be contrary to the basic concept of the SSI program, in which the Federal Government establishes a nationally uniform minimum income level for the aged, blind, and disabled, which is fully Federal in funding and leaves the States free to supplement this level as they see fit, and with fully State funds.

In other words, Mr. President, as the bill states, the committee fully anticipates that in January, when the SSI program goes into effect with a Federal funding program, the States will have a windfall in almost every State in the Union unless those States want to use that money to advance the income of their aged people well beyond that which

their aged people have had prior to this time.

I know that in the State of Louisiana, practically all the aged people, for example, would receive a very large increase in their payments. Thus the State of Louisiana, looking at that situation could say, "We expect to save about \$30 million here. That \$30 million can best be spent to help the little children, because what we have provided for them is so little compared with the very generous benefits we would now be paying to our aged. We would think it would be an unfair double standard to take that \$30 million and put it in the program for the aged, rather than putting it in the program for the little children, where there is more need." So Louisiana would put its money into helping the children. If it did not, its second priority would be the health program.

The Eagleton amendment would require that there be a windfall, we might say, for the aged. So even though the State did not think it was a good idea to continue to supplement to the same extent that it had supplemented before in order to raise the income of each of these people already on the rolls, it would have to do so.

In effect, it would compel us, and would compel the States, to spend the money in the way they do not think is wise, in the way that, frankly, we on the committee do not think is wise.

That being the case, we think this is not a very wise amendment. It is a windfall. It is a discriminatory windfall, because it would discriminate in favor of those who are presently on the rolls and against the great number of people—in most States, an equal number of people—who will be added to the rolls. Their needs should be considered on the same basis. But this amendment would compel you to consider those already on the rolls in a far more favorable fashion than the others.

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

Mr. LONG. I yield.

Mr. CHILES. Does the Senator believe it would be discriminatory to the blind, to the aged, to the disabled?

Mr. LONG. What we are talking about is this: Let us say that at a level of \$200, the State is paying \$100 in State funds for a blind person or for an aged person. We come in with the new Federal program and say we are going to guarantee that person under the SSI, a monthly income of \$130. This bill now makes it go up to \$140. So we are going to guarantee \$140 in Federal funds and the State will provide \$60 more to keep him at his previous level of \$200.

In addition to all that, this amendment would require the State to add \$10 on top of that, to make it \$210. But this would apply only to people already on the rolls. Under the amendment, new people coming onto the SSI rolls could be left at the \$200 level or even less. The changes made by the SSI program will make many new people eligible. So in most States, including my own, which is a very generous State, it would just about double the number of people on the rolls. Their needs should be considered on the same

basis as all the other people on the rolls. So as between two old people, they should be considered on the same basis.

Mr. CHILES. Has the Senator seen how a blind person lives on \$210 a month? Mr. LONG. I am talking about the point that we should not discriminate between two blind people.

Mr. CHILES. Is the Senator talking about one blind person who has outside income and plenty of funds but still, because he is blind, is getting some help, and talking about another blind person with no assets, no help, getting a little pittance from the State, a few dollars from the State, and is the Senator saying that he has to give that money back to the State? I have been in one of those State legislatures where they took the money back from them every time, and I say it is ridiculous to say that.

Mr. LONG. I do not think the Senator understands what the committee did.

Mr. CHILES. I understand how a blind person lives on \$210 a month, and they cannot do it today. To say that they are being discriminated against and that something is being taken away from them is ridiculous.

Mr. LONG. We are talking about a situation in which the State is paying \$200 now to a blind person. When the new SSI program goes into effect with a Federal payment of \$140, the State may want to add \$60 so that that blind person will continue to get \$200. And the State would provide the same \$200 for a man who does not become blind until after the new SSI program goes into effect. So both blind persons would get the same level of income. But this amendment would mean that the State must pay \$210 to the person already on the rolls who is now getting \$200 while the other man would only get the \$200. The needs of the two people who are blind would not be considered on the same basis. The people who are newly made eligible would be discriminated against.

The PRESIDING OFFICER. The time available to the Senator from Louisiana has expired. Three minutes remain to the Senator from Missouri.

Mr. EAGLETON. Mr. President, I have listened with great interest to the Senator from Louisiana, who is an expert in these matters, as well as to his exchange with the Senator from Florida; and I am mystified as to whether we are discussing the same amendment.

Let me make it crystal clear, Mr. President, that this bill will not cost the Federal Treasury 1 dime.

All this amendment treats of is that once we vote these increases—a 7 percent cost-of-living increase next January and an additional 4 percent next July—once we decide on this floor, as a matter of national policy, to provide these increases, the Eagleton amendment simply says that we mean it. We mean that the people who were to get that money will in fact get it; that Governor X, Governor Y, and Governor Z cannot say: "Uncle Sam voted those increases for the aged, the blind and the disabled. The Federal Government has given them that money, but we will take it away. We will cut the State's payment

from what it was before, and then we will use that money for some other program in the State."

As the Senator from Louisiana has said, it could be used for the children, or in some other State it might be used to refurbish a State race track, or to build a new sports coliseum—all the uses for that money that Governor X, Governor Y, and Governor Z might find.

By providing the benefit increases in this bill, we indicate that a No. 1 priority in this time of inflation is some additional income for the aged, the blind, and the disabled. If Senators vote for this amendment, they are guaranteeing that the 7-percent increase, later to be increased by 4 percent, will in fact get through to the people who deserve it. If they do not vote for this amendment, then it is likely that many States—as many as 41 of them—will just reap a savings out of the increase we are voting in this body.

I yield back the remainder of my time.

Mr. LONG. Mr. President, I ask unanimous consent that 2 additional minutes be allotted to each side.

Mr. EAGLETON. Mr. President, reserving the right to object—and I shall not object—I ask unanimous consent that the names of the following Senators be added as cosponsors of this amendment: Senator RAICOFF, Senator HARTAWAY, Senator BROOKE, Senator STEVENS, Senator CRANSTON, Senator HUMPHREY, Senator CHILES, and Senator PASTORE.

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

Without objection, 2 additional minutes are available to each side.

Mr. LONG. Mr. President, what this amendment provides is that if a person is on these rolls prior to December of 1973, then there will be disregarded the additional SSI benefits of \$10 a month, and there will be disregarded the social security increase; that if a person comes on the rolls at any time after that, which will about one-half of those on the rolls, that it is not disregarded, so one-half of the poor people are favored, and the other half are discriminated against. The States are denied the right to look at their problems and say which of the poor should get the most help and which of the poor should get the least help. Those States are denied any discretion on how to help the poor with money otherwise available to them.

Mr. EAGLETON. Mr. President, will the Senator yield of that point?

Mr. LONG. I yield if I have time.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. EAGLETON. I would like to ask one question. Do we have any authority, we, the Congress, to require the States to pass through these increases with respect to new recipients?

The answer is "No."

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Missouri. 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 Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES), the Senator from Hawaii (Mr. INOUE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONROYA), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Idaho (Mr. McCURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The result was announced—yeas 49, nays 34, as follows:

[No. 633 Leg.]  
YEAS—49

Bayh	Gravel	Muskie
Beall	Gurney	Nelson
Bentsen	Hart	Pastore
Bible	Hartke	Pearson
Biden	Hatfield	Pell
Brooke	Hathaway	Percy
Burdick	Huddleston	Frommire
Byrd, Robert C.	Humphrey	Ribicoff
Cannon	Jackson	Schawelker
Casse	Kennedy	Scott, Hugh
Chiles	Magnuson	Stafford
Clark	Mansfield	Stevens
Cook	Mathias	Stevenson
Cranston	McIntyre	Taft
Dole	Metcalf	Tunney
Eagleton	Mondale	
Fong	Mooz	

NAYS—34

Alken	Eastland	Long
Allen	Ervin	McClintock
Bartlett	Fannin	Nunn
Brock	Fulbright	Randolph
Buckley	Goldwater	Roth
Byrd	Griffin	Sarbo
	Hansen	Scott
Church	Helms	William L.
Cotton	Hollings	Talmadge
Curtis	Hruska	Thurmond
Domenici	Javits	Tower
Dominick	Johnston	Wicker

NOT VOTING—17

Abourezk	Inouye	Sparkman
Baker	McClure	Stennis
Bellmon	McGee	Symington
Bennett	McGovern	Williams
Haskell	Montoya	Young
Hughes	Packwood	

So Mr. EAGLETON'S amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CRANSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I had an amendment, which I discussed with the chairman of the committee, manager of the bill, and which he is prepared to accept. It is an amendment dealing with the blind, which has passed the Senate on five previous occasions. I see no need to have a rollcall. We have had rollcalls before. It has been overwhelmingly adopted.

If there is no objection, I would like to call up my amendment, No. 636, as modified, and ask to have the clerk read it.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk proceeded to read the amendment (No. 636), as modified.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 636, as modified, is as follows:

At the end of title I, insert the following as "Part I":

SEC. 193. Liberalization of Social Security Eligibility for the Blind. (a) Section 214(a) of the Social Security Act is amended by adding "or" after the semicolon at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

"(4) in the case of an individual who has died and who was entitled to a benefit under section 223 for the month before the month in which he died, 6 quarters of coverage;"

(b) Section 215(b)(1) of such Act is amended by striking out "shall be the quotient" and inserting in lieu thereof "shall (except as provided in paragraph (5)) be the quotient".

(c) Section 215(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(1)(1)), such individual's average monthly wage shall be the quotient obtained by dividing (A) the total of his wages paid in, and self-employment income credited to, all of the calendar quarters which are quarters of coverage (as defined in section 213) and which fall within the period after 1950 and prior to the year specified in clause (1) for clause (1) of paragraph (2)(C), by (B) the number of months in such quarters; except that any such individual who is fully insured (without regard to section 214(a)(4)) shall have his average monthly wage computed under this subsection without regard to this paragraph if such computation results in a larger primary insurance amount."

(d) Section 216(1)(3) of such Act is amended to read as follows:

"(3) The requirements referred to in clauses (1) and (1) of paragraph (2)(C) are satisfied by an individual with respect to any quarter only if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on the first day of such quarter, and (1) he had not less than 20 quarters of coverage during the 40-quarter period which ends with such quarter, or (1) if such quarter ends before he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with such quarter and beginning after he attained the age of 21 were quarters of coverage, or (1) if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage; or

"(B) he is blind (within the meaning of 'blindness' as defined in paragraph (1) of this subsection) and has not less than 6 quarters of coverage in the period which ends with such quarter.

For purposes of clauses (1) and (1) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as

part of any period if any part of such quarter was included in a prior period of disability unless such quarter was a quarter of coverage."

(e) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness as defined in section 216(1)(1))" after "an individual entitled to disability insurance benefits".

(f) Section 223(a)(1) of such Act is amended—

(1) by striking out the comma at the end of subparagraph (B) and inserting in lieu thereof "or is blind (within the meaning of 'blindness' as defined in section 216(1)(1))";

(2) by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in section 216(1)(1)), the month in which he attains age 65"; and

(3) by striking out the second sentence.

(g) Section 22(c)(1) of such Act is amended to read as follows:

"(4) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on the first day of such month, and (1) he had not less than 20 quarters of coverage during the 40-quarter period which ends with the quarter in which such month occurred, or (1) if such month ends before the quarter in which he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with the quarter in which such month occurred and beginning after he attained the age of 21 were quarters of coverage, or (1) if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage, or

"(B) he is blind (within the meaning of 'blindness' as defined in section 216(1)(1)) and has not less than 6 quarters of coverage in the period which ends with the quarter in which such month occurs,

For purposes of clauses (1) and (1) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a period of disability unless such quarter was a quarter of coverage."

(h) Section 223(d)(1)(B) of such Act is amended to read as follows:

"(B) blindness (as defined in section 216(1)(1))."

(i) The second sentence of section 223(d)(4) of such Act is amended by inserting "(other than an individual whose disability is blindness, as defined in section 216(1)(1))" immediately after "individual".

SEC. 7. In the case of an insured individual who is under a disability as defined in section 223(d)(1)(B) of the Social Security Act, who is entitled to monthly insurance benefits under section 202(a) or 223 of such Act for a month after the month in which this Act is enacted, and who applies for a recomputation of his disability insurance benefit or for a disability insurance benefit (if he is entitled under such section 202(a)) in or after the month this Act is enacted, the Secretary shall, notwithstanding the provisions of section 215(f)(1) of such Act, make a recomputation of such benefit if such recomputation results in a higher primary insurance amount.

SEC. 8. The amendments made by sections 6 and 7 shall apply only with respect to monthly benefits under title II of the Social Security Act for and after the second month following the month in which this Act is enacted.

Mr. HARTKE. Mr. President, this amendment liberalizes the provisions of the Federal disability insurance law for blind persons.

On five separate occasions, the proposal has been approved by the Senate during the past dozen years. As an indication of the support which this disability for the blind measure has received in this Chamber, no less than 61 of my colleagues joined me in sponsoring the proposal as a bill (S. 2359) this year.

My amendment would make it possible for a blind person who has worked for a year and a half in social security covered work to qualify and draw disability benefits payments so long as he remains blind and regardless of his earnings. The present law requires that a blind person have worked in covered employment in 20 of the last 40 quarters. That eligibility requirement fails to take into account the fact that a blind person finds it difficult to secure work of any kind, however employable he may be on the basis of talents and training.

My amendment gives legal recognition to another hard fact confronting the blind—they must always function without sight in a society structured for sight, and they must work in an economy organized by sighted people for sighted people. As a result, the blind person will need varying degrees of sight to assist him no matter what he does or how able he may be, and the only sure way to get this help is to hire it. The blind person must thus have disability insurance payments to serve as a continuing source of funds to hire sighted assistance.

It is my hope, Mr. President, that this 93d Congress will be known as the most important of all Congresses for blind Americans. It can achieve that distinction if we enact the disability insurance for the blind amendment which I offer today so that, at long last, blind people can be liberated, and elevated to a more equal relationship with their sighted fellows.

Mr. President, I ask unanimous consent that a factsheet on this amendment, as well as an explanation of it and a list of the cosponsors of S. 2359, be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

FACTSHEET: IMPROVED DISABILITY INSURANCE FOR THE BLIND

A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder.

HISTORY

Offered in the 88th Congress by Senator Hubert Humphrey as a floor amendment to H.R. 11865 (Social Security Bill); adopted by voice vote without a dissenting vote; lost when Social Security conference ended in deadlock.

Offered in 89th Congress by Senator Vance Hartke, as S. 1787; 41 cosponsors; adopted as floor amendment to H.R. 6675 by 78 to 11 roll call votes; not approved by Social Security conference.

Offered in the 91st Congress by Senator Vance Hartke, as S. 2518; 68 co-sponsors including nine of the 17 member Committee on Finance; adopted by Committee on Fi-

nance as amendment to H.R. 17550; sponsored in the House of Representatives by Congressman James A. Burke; as H.R. 3782 (identical to S. 2515), and, slightly modified, as H.R. 14673; 160 co-sponsors to the Burke bill including eleven of the 25-member Committee on Ways and Means; offered in the Committee on Ways and Means Social Security Executive Session by Congressman Burke; Committee adopted proposal of Disability Insurance for the Blind Bill removing rency of quarters earned in Social Security-covered work requirement making 30,000 otherwise ineligible blind persons eligible for disability benefits; no further action since House-Senate Conference on Social Security matters was not held.

Offered in the 92nd Congress in the Senate by Senator Vance Hartke, as S. 1935; 71 co-sponsors including 10 of the 16-member Committee on Finance; adopted by the Committee on Finance as amendment to H.R. 1; sponsored in the House of Representatives by Congressman James A. Burke, as H.R. 1340 (identical to S. 1935); offered by Congressman Burke in Committee on Ways and Means Executive Session on H.R. 1; Committee adopted provision similar to Committee action taken in the 91st Congress; House-Senate Conference on Social Security matters approved change in Disability Insurance for the Blind as adopted by the Committee on Ways and Means.

PROVISIONS

Allows qualification for disability benefits to the person who is blind according to the generally accepted definition of blindness (20/200, etc.) and who has worked six quarters in Social Security-covered work, any time earned, rather than 20 of the last 40 quarters as required of those with other disabilities; continuation of benefits irrespective of earnings so long as blindness lasts, rather than cutting off benefits if the blind person earns as little as \$140.00 in a month as provided in existing regulations.

WHAT CHANGES WOULD DO

The Disability Insurance for the Blind bill would transform the Disability Insurance Program providing only subsistence income to long-time employed but presently unemployable blind persons into a system providing short-term employed blind persons with insurance income to off-set the economic consequence of blindness—diminished earning power, greatly diminished employment opportunities, greatly increased costs of living and working, blind, in a sight-directed economy and society.

WHY CHANGES ARE NEEDED

To many blind persons, able to work, although blind, but unable to secure work because they are blind—or unable to secure work of long and steady duration, because they are blind—to these people, the requirement of employment for a year and a half in Social Security-covered work, instead of the five of the last ten years requirement in existing law, is much more realistic and reasonable under the special and adverse circumstances facing blind persons.

It is much more realistic, when considering the misinformed or uninformed attitudes, the adverse and prejudicial practices which confront blind people when they seek work, when they are qualified by talent and training for work, when they are skilled and able to operate successfully with blindness, yet, are not hired because they are believed to be incompetent and incapable.

Making disability insurance payments available when a blind person has worked six quarters in Social Security-covered work is much more reasonable than the five years' requirement, for it would make such payments more readily available to more persons when the disaster of blindness occurs, when the need for the security provided by regularly received disability insurance payments is greatest in a workman's life.

This bill recognizes that a person who tries to function, sightless, in our sight-structured world, functions at a financial disadvantage.

For whatever a blind man would do, whatever employment or activity he would pursue, he has the need for sight to assist him.

Sighted family members and friends may be helpful, when the inclination moves them to be helpful, but the blind vending stand operator, the blind lawyer or teacher, the blind piano tuner, even the blind housewife soon discovers that sight which is hired is more reliably available than sight which is given from kindness.

So the blind person who would function self-dependently, the blind person who would earn a living, who would live self-responsibly, must not only pay the usual daily living costs which his sighted fellows pay, but he must also pay the extra, the burdening expenses of blindness—the expenses incurred in hiring sight.

By allowing a blind person to draw disability insurance payments so long as he continues blind and irrespective of his earnings, this bill would provide to such blind person, a regular source of funds to pay for sight, and it would thus help to reduce the economic disadvantages and inequalities of blindness in his life.

AMENDMENT No. 636, LIBERALIZATION OF SOCIAL SECURITY ELIGIBILITY FOR THE BLIND

1. Reduces needed quarters of covered employment to 6 from the present 20, to be eligible for disability insurance.
2. Would effect approximately 80,000 persons, presently working.
3. Would cost about \$500 million.
4. Introduced as a bill (S. 2359) earlier this year, there were 81 cosponsors (see attached list).

COSPONSORS OF S. 2359

Abourezk, Allen, Baker, Bartlett, Bayh, Beal, Bentsen, Bible, Biden, Brooke, Burdick, Byrd, Robert C. Cannon, Case, Chiles, Church, Clark, Cook, Cranston, Curtis, Domenici, Dominick, Eagleton, Fulbright, Goldwater, Gravel.

Griffin, Gurney, Hansen, Hart, Hatfield, Hollings, Hruska, Hughes, Humphrey, Inouye, Jackson, Javits, Kennedy, Magnuson, Mansfield, Mathias, McGee, McGovern, McIntyre, Metcalf, Mondale, Montoya, Moss, Nelson, Pastore, Pell.

Randolph, Ribicoff, Schweiker, Stafford, Stevens, Thurmond, Tower, Welcker, Young. Total: 81.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

Mr. LONG. Mr. President, the Senate has adopted this amendment on other occasions, and I assume the Senate would want to adopt the amendment again. Therefore, I am willing to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The bill is open to further amendment.

Mr. HARTKE. Mr. President, I send to the desk Amendment No. 626, as modified, and ask that it be stated.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 626, as modified, is as follows:

Strike out "Part B" of Title I beginning on page 44, line 10 through page 54, line 17, and insert in lieu thereof the following:

PART B. PATROLL TAX FOR LOW-INCOME INDIVIDUALS

Sec. 112. (a) Section 8101 of the Internal Revenue Code of 1954 (relating to tax on employees) is amended by adding at the end thereof the following new subsection:

"(c) ALTERNATE TAX ON LOW-INCOME INDIVIDUALS.—"(1) IN GENERAL.—In the case of a taxpayer who is married (as determined under Section 143) whose adjusted social security income for the calendar year is less than \$350, there is hereby imposed on the income of such individual (in lieu of the taxes imposed by subsection (a) and (b)) a tax determined under the following table: The tax is the following percentage of the taxes imposed by subsections (a) and (b)

[In percent]

If the adjusted social security income is:

Less than 0	10
0 to \$49	15
\$50 to \$99	20
\$100 to \$149	25
\$150 to \$199	30
\$200 to \$249	35
\$250 to \$299	40
\$300 to \$349	45
\$350 to \$399	50
\$400 to \$449	55
\$450 to \$499	60
\$500 to \$549	65
\$550 to \$599	70
\$600 to \$649	75
\$650 to \$699	80
\$700 to \$749	85
\$750 to \$799	90
\$800 to \$849	95

"(2) ADJUSTED SOCIAL SECURITY INCOME.—For purposes of this subsection, the adjusted social security income of a taxpayer who is married (as determined under Sec. 143) for any calendar year is his adjusted gross income for his taxable year beginning in such calendar year (determined under section 62), minus the sum of—

"(A) \$1,300, and

"(B) the amount of personal exemptions to which he is entitled under section 151.

In the case of a married individual whose spouse receives wages or self-employment income during such year, his adjusted gross income and the number of exemptions to which he is entitled shall, for purposes of this paragraph, be determined as if he were not married."

(2) Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end thereof the following new subsection:

"(d) WITHHOLDING ON WAGES OF LOW INCOME INDIVIDUALS.—

"(1) IN GENERAL.—In the case of a taxpayer who is married (as determined under Sec. 143) whose adjusted wages are less than \$350 (computed at an annual rate), the employer of such taxpayer shall deduct from the wages paid (in lieu of the amount required to be deducted under subsection (a))

an amount of the tax imposed by section 3101 determined under the following table:

The amount to be deducted is the following percentage of the amount required to be deducted under subsection (a)

"If the adjusted wages (computed at an annual rate) are:

[In percent]	
Less than 0	10
0 to \$49	15
\$50 to \$99	20
\$100 to \$149	25
\$150 to \$199	30
\$200 to \$249	35
\$250 to \$299	40
\$300 to \$349	45
\$350 to \$399	50
\$400 to \$449	55
\$450 to \$499	60
\$500 to \$549	65
\$550 to \$599	70
\$600 to \$649	75
\$650 to \$699	80
\$700 to \$749	85
\$750 to \$799	90
\$800 to \$849	95

"(2) ADJUSTED WAGES.—For purposes of this subsection, the adjusted wages of a married taxpayer for any period is the amount of wages (adjusted to an annual rate), minus the sum of—

- "(A) \$1,300, and
- "(B) the amount of personal exemptions to which he is entitled under section 151.

In the case of a married individual whose spouse receives wages during such period, the number of exemptions to which he is entitled shall be determined as if he were not married.

"(3) CREDIT AGAINST TAX.—Amounts deducted from the wages of an employee under this subsection shall be allowed as a credit against the tax imposed on the employee under section 3101.

"(4) WITHHOLDING CERTIFICATES.—Each employee shall furnish his employer with a signed certificate setting forth such information as is necessary to enable the employer to determine whether this subsection is applicable to him, and the amount of tax to be deducted under this subsection. Such certificate shall be in such form, shall be furnished at such time or times, and shall remain in effect for such period as the Secretary or his delegate prescribes by regulations.

"(5) REGULATIONS.—The Secretary of his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and section 3101(c)."

(b) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income) is amended by adding at the end thereof the following new subsection:

"(c) ALTERNATE TAX ON LOW-INCOME INDIVIDUALS—

"(1) IN GENERAL.—In the case of a married taxpayer whose adjusted social security income for the taxable year is less than \$850, there hereby is imposed on the self-employment income of such taxpayer (in lieu of the taxes imposed by subsections (a) and (b)) a tax determined under the following table:

The tax is the following percentage of the taxes imposed by subsections (a) and (b)

"If the adjusted social security income is:

[In percent]	
Less than 0	10
0 to \$49	15
\$50 to \$99	20
\$100 to \$149	25
\$150 to \$199	30
\$200 to \$249	35
\$250 to \$299	40
\$300 to \$349	45
\$350 to \$399	50

\$400 to \$449	55
\$450 to \$499	60
\$500 to \$549	65
\$550 to \$599	70
\$600 to \$649	75
\$650 to \$699	80
\$700 to \$749	85
\$750 to \$799	90
\$800 to \$849	95

"(2) ADJUSTED SOCIAL SECURITY INCOME.—For purposes of this subsection, the adjusted social security income of a taxpayer who is married (as determined under section 1431), for any taxable year is his adjusted gross income for such year (determined under section 62), minus the sum of—

- "(A) \$1,300, and
- "(B) the amount of the personal exemptions to which he is entitled under section 151.

In the case of a married individual whose spouse receives wages or self-employment income during each year, his adjusted gross income and the number of exemptions to which he is entitled shall, for purposes of this paragraph, be determined as if he were not married."

(c) Section 31(b) of the Internal Revenue Code of 1954 (relating to credit for special refunds of social security tax) is amended by striking out the heading and paragraph (1) and inserting in lieu thereof the following:

"(b) CREDIT FOR EXCESS WITHHOLDING OF SOCIAL SECURITY TAX.—

"(1) IN GENERAL.—The Secretary or his delegate may prescribe regulations providing for the crediting against the tax imposed by this subtitle of amounts deducted under section 3102 from the wages paid to the taxpayer in excess of the tax imposed on such wages by section 3101, including the amount determined by the taxpayer or the Secretary or his delegate to be allowable under section 6413(c) as a special refund of such tax. The amount allowable as a credit under such regulations shall, for purposes of this subtitle, be considered an amount withheld at source as tax under section 3402."

(d) There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund amounts (as determined by the Secretary of the Treasury) equal to losses of revenues of such trust funds resulting from the application of sections 3101(c) and 1401(c) of the Internal Revenue Code of 1954. The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the respective trust funds on the basis of estimates by the Secretary of the Treasury. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts which should have been transferred.

PARTIAL GENERAL FINANCING OF RETIREMENT BENEFITS

SEC. 7. (a) In addition to any other funds appropriated or authorized to be appropriated pursuant to other provisions of law for any fiscal year to the Federal Old-Age and Survivors Insurance Trust Fund, and in addition to any other funds authorized by other provisions of law to be appropriated to or deposited in the Federal Disability Insurance Trust Fund for any fiscal year, there are authorized to be appropriated to each of such funds the following amounts:

(1) For the fiscal year ending June 30, 1974, an amount equal to one twenty-fifth of the expenditures from such fund for such year;

(2) For the fiscal year ending June 30, 1975, an amount equal to three-fiftieths of the expenditures from such fund for such year;

(3) For the fiscal year ending June 30, 1976, an amount equal to two twenty-fifths of the expenditures from such fund for such year;

(4) For the fiscal year ending June 30, 1977, an amount equal to one-tenth of the expenditures from such fund for such year;

(5) For the fiscal year ending June 30, 1978, an amount equal to three twenty-fifths of the expenditures from such fund for such year;

(6) For the fiscal year ending June 30, 1979, an amount equal to seven-fiftieths of the expenditures from such fund for such year;

(7) For the fiscal year ending June 30, 1980, an amount equal to four twenty-fifths of the expenditures from such fund for such year;

(8) For the fiscal year ending June 30, 1981, an amount equal to nine-fiftieths of the expenditures from such fund for such year; and

(9) For any fiscal year ending after June 30, 1981, an amount equal to one-fifth of the expenditures from such fund for such year.

(b) (1) Funds authorized to be appropriated under subsection (a) shall be appropriated for any fiscal year on the basis of estimates by the Congress of the amounts which will be expended for such year from the trust fund to which funds are being appropriated, reduced, or increased to the extent of any overappropriation or underappropriation under this section to such fund for any preceding year with respect to which adjustment has not already been made.

(2) The Secretary of Health, Education, and Welfare shall furnish to the Congress such information, data, and actuarial studies as may be appropriate to enable the Congress to make the estimates referred to in paragraph (1).

Mr. HARTKE. Mr. President, the social security payroll tax is the fastest growing tax in the United States. In 1971, payroll tax collections reached \$44 billion—27 times the level of 1949. This increase is equal to a compound growth rate of more than 16 percent per year. In terms of total Federal revenues, the payroll tax now brings in 23 percent of all Federal revenues, whereas, in 1949, it brought in just 4 percent.

At least one-half of all workers who file tax returns pay more social security tax than they do Federal income tax. For the worker with a small family and an income hovering near the poverty line, his effective social security tax rate is about 11.4 percent. The same worker with a \$24,000 income has an effective rate of 2.1 percent. Study after study has cited the regressive nature of the payroll tax. It hits the low- and moderate-income worker hardest.

While the bill now before the Senate contains no increase in payroll taxes until 1980, and only modest increases thereafter, the mail I am receiving indicates that workers are already overburdened by the payroll tax. The amendment I offer today provides some immediate payroll tax relief for low-income workers. In the long run, however, I believe that we will have to go even further than this proposal to provide tax relief to many moderate-income workers, as well.

Mr. President, the payroll tax is an involuntary tax levied without exemptions or deductions. The low-income worker I referred to earlier in my statement is paying an effective income tax rate of zero, while his social security rate is over 11 percent. The worker with \$24,000 in



wages is paying an effective social security rate of just over 2 percent, while his income tax rate is almost 28 percent.

Clearly, there are major inequities in this tax structure. The Finance Committee proposals provide a tax credit for low-income workers with families. There are several major deficiencies in this approach, however. First, it does nothing to make the payroll tax less regressive. Second, it applies only to married workers with families. Third, it is given at the end of the year, although low-income families need relief throughout the year.

The proposal I offer today is free from each of these deficiencies. It is a direct effort to introduce a progressive feature into the payroll tax. Second, it applies to all married workers, with or without children. Third, it provides relief with every payroll check.

Mr. President, my proposal is a simple one, yet long hours of thought and effort have gone into its preparation. What it provides is that a worker with a tax liability of less than zero pays only 10 percent of his full social security tax. A worker with an income tax liability of 0 to \$49 pays 15 percent of his social security tax obligation. From that point on, every \$50, the worker's social security tax obligation is increased 5 percent, until the tax liability reaches \$850. At that point, the worker pays the full social security tax which is normally due.

The reduction applies only to the employee tax; the employer pays his full share of the normal tax on the worker's salary.

Mr. President, I ask unanimous consent that tables showing the operation of my proposal at various levels of income for single and married workers be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—MARRIED WORKER—SPOUSE WORKING—NO CHILDREN<sup>1</sup>

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$1,000 to \$2,600.

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$2,650 to \$2,900.

1 Under the Hartke proposal, a married worker whose spouse is working is treated for purposes of calculated tax liability as if he or she were single. 2 Indicates percent of full social security tax for which employee is liable. 3 Indicates total annual amount which employee would save under Hartke proposal. 4 The Finance Committee tax credit applies only to married workers with at least 1 child. 5 Less than 0.

TABLE II.—MARRIED WORKER—SPOUSE NOT WORKING—2 CHILDREN

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$1,000 to \$4,650.

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$4,700 to \$5,150.

1 Indicates percent of full social security tax for which employee is liable. 2 Indicates total annual amount which employee would save under Hartke proposal. 3 The Finance Committee tax credit applies only to married workers with at least 1 child. 4 Less than 0.

TABLE III.—MARRIED WORKER—SPOUSE WORKING—2 CHILDREN

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$1,000 to \$2,900.

1 Under the Hartke proposal, a married worker whose spouse is working is treated for purposes of calculated tax liability as if he or she were single. 2 Indicates percent of full social security tax for which employee is liable. 3 Indicates total annual amount which employee would save under Hartke proposal. 4 The Finance Committee tax credit applies only to married workers with at least 1 child. 5 Less than 0.

TABLE IV.—MARRIED WORKER—SPOUSE NOT WORKING—NO CHILDREN

Table with 6 columns: Gross wages, Income tax liability, Full social security tax, Percent social security, Hartke social security save, Finance Committee tax credit. Rows range from \$1,000 to \$4,650.

Gross wages	Income tax liability	Full social security tax	Percent social security <sup>2</sup>	Hartke social security save <sup>3</sup>	Finance Committee tax credit <sup>4</sup>
\$1,400	(1)	\$81.90	10	73.71	0
\$1,450	(1)	84.83	10	76.35	0
\$1,500	(1)	87.75	10	78.97	0
\$1,550	(1)	90.68	10	81.61	0
\$1,600	(1)	93.60	10	84.24	0
\$1,650	(1)	96.53	10	86.88	0
\$1,700	(1)	99.45	10	90.50	0
\$1,750	(1)	102.38	10	92.14	0
\$1,800	(1)	105.30	10	94.57	0
\$1,850	(1)	107.43	10	96.69	0
\$1,900	(1)	111.15	10	100.03	0
\$1,950	(1)	114.08	10	102.67	0
\$2,000	(1)	117.00	10	105.30	0
\$2,050	(1)	119.39	10	107.94	0
\$2,100	(1)	122.85	10	110.58	0
\$2,150	(1)	125.78	10	113.22	0
\$2,200	(1)	129.70	10	115.86	0
\$2,250	(1)	131.63	10	118.47	0
\$2,300	(1)	134.55	10	121.09	0
\$2,350	(1)	138.48	10	124.63	0
\$2,400	(1)	140.40	10	126.36	0
\$2,450	(1)	143.37	10	129.03	0
\$2,500	(1)	146.25	10	131.62	0
\$2,550	(1)	149.92	10	134.93	0
\$2,600	(1)	152.20	10	136.98	0
\$2,650	(1)	155.17	10	139.65	0
\$2,700	(1)	158.15	10	142.33	0
\$2,750	(1)	161.12	10	145.01	0
\$2,800	0	163.80	15	139.23	0
\$2,850	\$50	167.77	20	134.22	0
\$2,900	100	169.65	25	127.24	0
\$2,950	150	172.58	30	120.81	0
\$3,000	200	175.50	35	114.08	0
\$3,050	250	178.43	40	107.06	0
\$3,100	300	181.35	45	99.74	0
\$3,150	350	184.28	50	92.14	0
\$3,200	400	187.20	55	84.24	0
\$3,250	450	190.13	60	76.05	0
\$3,300	500	193.05	65	67.57	0
\$3,350	550	195.98	70	58.79	0
\$3,400	600	198.90	75	49.73	0
\$3,450	650	201.83	80	40.37	0
\$3,500	700	204.75	85	30.72	0
\$3,550	750	207.68	90	20.77	0
\$3,600	800	209.60	95	10.48	0
\$3,649	849	213.47	95	10.67	0
\$3,650	850	216.45	100	0	0

<sup>1</sup> Indicates percent of full social security tax for which employee is liable.  
<sup>2</sup> Indicates total annual amount which employee would save under Hartke proposal.  
<sup>3</sup> The Finance Committee tax credit applies only to married workers with at least 1 child.  
<sup>4</sup> Less than 0.

Mr. HARTKE. Mr. President, let me clarify the modification of my amendment. As originally introduced, it covered all taxpayers paying the social security tax. As introduced, the cost estimate was close to \$2 billion.

I have modified my amendment to cover only married workers thereby reducing the cost of my amendment to be the same as the bill on the floor. The significant difference here is the coverage. Under the Finance Committee bill, only married workers with children are covered. Under my amendment, all married workers are covered regardless of whether or not they have children.

Let me emphasize here that two significant groups of people will be covered by my amendment that are not covered by the bill as reported. Those groups are the newly married individuals who are entering the job market at a low-income level, and those married couples who have raised their children and are now unable to secure employment at a high income because of age, disablement, or lack of training. We must not forget those people who will significantly contribute to the economy of this country, nor those people who have already contributed throughout their lifetime. My amendment would bring both of these groups within the payroll tax deduction.

I have further modified my amendment, and struck all changes in medi-

care and hospital insurance. I have made this modification for one reason, I feel that it is absolutely necessary that the bill we approve here in the Senate provide for relief to the low-income worker. Under my amendment there would be immediate relief to those workers who need it most.

Mr. President, I have notified the manager of the bill, chairman of the Finance Committee, that this amendment deals with provisions concerning how we alleviate the present burden of the payroll tax. There has been in the bill, under the direction of the chairman, a measure whereby there is a tax credit for certain low-income people. This is in direct conflict with that approach. I feel this is a preferable one, but, under the circumstances, in view of the fact that the committee has approved the other provision, I feel we should give the chairman's approach preference, although I would want to proceed at a later date, in another year, with this approach, and I hope I can convince the chairman to agree with that approach.

Under those circumstances, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

**ORDER THAT AMENDMENT NO. 723 BE PENDING BUSINESS ON TOMORROW**

Mr. GRIFFIN. Mr. President, I ask unanimous consent, on behalf of the Senator from New York (Mr. JAVITS), that his amendment No. 723 be called up and made the pending question tomorrow.

The PRESIDING OFFICER. The clerk will report the amendment. The second assistant legislative clerk read as follows:

At the end of the bill insert the following new section:

SEC. —. (a) 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 (i) paragraph (1) did not contain subparagraph (A) thereof, and (ii) the numeral '4' contained in subparagraph (B) thereof were '4.5'."

(b) Subsection (f) of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970 is amended to read as follows:

**"Rate of Insured Unemployment, Covered Employment**

"(f) (1) For the purpose of subsection (d), the term 'rate of insured unemployment' means the percentage arrived at by dividing—

"(A) the average weekly number of individuals filing claims for weeks of unemployment with respect to the specified period, as determined on the basis of the reports made by all State agencies to the Secretary, by

"(B) the average monthly covered employment for the specified period.

"(2) For the purpose of subsection (e), the term 'rate of insured unemployment' means the percentage arrived at by dividing—

"(A) the average weekly number of individuals filing claims for weeks of unemployment with respect to the specified period, as determined on the basis of the reports made by the State agency to the Secretary, by

"(B) the average monthly covered employment for the specified period, plus, if the State by law so provides, effective with respect to compensation for weeks of unemployment beginning after the date of enactment of this sentence (or, if later, the date established pursuant to State law) the thirteen-week exhaustion rate (as determined under paragraph (3)).

"(3) The 'thirteen-week exhaustion rate' is the percentage arrived at by dividing—

"(A) 26 per centum of the sum of the exhaustions, during the most recent twelve calendar months ending before the week with respect to which such rate is computed, of regular compensation under the State law, by

"(B) the average monthly covered employment as determined under paragraph (2) (B).

"(4) Determinations under subsection (d) shall be made by the Secretary in accordance with regulations prescribed by him.

"(5) Determinations under subsection (e) shall be made by the State agency in accordance with regulations prescribed by the Secretary."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered.

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AMENDMENT OF THE SOCIAL  
SECURITY ACT

The Senate resumed the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

The PRESIDING OFFICER. The pending amendment is amendment No. 723.

Mr. LONG. Mr. President, I yield myself 2 minutes.

Mr. MANSFIELD. May we have order?

The PRESIDING OFFICER. The Senate will be in order. Give the Senator from Louisiana an opportunity to be heard.

Mr. LONG. Mr. President, Senators have pride of authorship and justifiably they would like to offer their amendments and have them discussed on the floor and then have the Senate vote individually on each of these amendments.

At the same time, Mr. President, I have studied these amendments and on a number of them I would urge the Senate to agree to accept them. I would like to offer certain amendments en bloc on behalf of the sponsors of those amend-

ments, if those Senators would be willing to permit us to do so.

I think the Senate would agree to the following amendments, and I would like, in due course, to offer them en bloc on behalf of all Senators.

There is amendment No. 640 by Mr. MUSKIE, amendment No. 644 by Mr. CRANSTON, amendment No. 645 by Mr. CRANSTON, amendment No. 731 by Mr. BIDEN, relating to facilities for emergency care, amendment No. 739 by Mr. TAFT, amendment No. 747 by Mr. CRANSTON, amendment No. 748 by Mr. CRANSTON, and amendment No. 749 by Mr. CRANSTON.

Mr. President, I believe the Senate will agree to these amendments. If those Senators would be willing to accommodate the Senate by helping to expedite this matter, I believe we can make progress. I know the majority of Senators would be willing to proceed in this fashion—to permit me, as floor manager, to present these amendments en bloc, on behalf of those Senators, and let the Senate agree to them. Most, I believe, would be agreed to by a voice vote. If any Senator wanted a rollcall, he would be entitled to that, of course. But as floor manager, I would be willing to offer these amendments en bloc.

Mr. President, I am not going to make the request right now. I simply state that, in due course, I would like to make the request, although I respect the right of the sponsors of these amendments to offer them in their own right. A Senator has that right morally. Under the rules, I have the right to offer them on behalf of all of them, or on behalf of myself.

If I could offer those amendments on behalf of those Senators en bloc, if they would have no personal objection, then we could accommodate the Senate and move the Senate quite a bit further down the road on this matter.

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

Mr. LONG. I yield.

Mr. BIDEN. As one of the Senators mentioned, I have absolutely no pride of authorship, and I have no objection to the Senator's proceeding as he has suggested.

Mr. LONG. I thank the Senator. I am sure that the Senate would agree to his amendment. The Senator could make a speech on it. I know the Senate is going to agree to the amendment.

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

Mr. LONG. I yield.

Mr. CRANSTON. I want to say the same thing. I am glad the distinguished floor manager is willing to accept five of my amendments. I am pleased to have him proceed in the way he has stated.

Mr. LONG. I thank the Senator.

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

Mr. LONG. I yield.

Mr. TAFT. I am delighted to have my amendment handled in the way the Senator has suggested.

Mr. LONG. I thank the Senator.

Mr. President, in due course, when other Senators have been informed, I will offer the amendments in that fashion.

Mr. JAVITS. Mr. President, on behalf of myself and Senators TUNNEY, BROOKE, CASE, CRANSTON, HART, FELL, RIBICOFF, and MAGNUSON, I send a modification of the amendment that I have at the desk to the desk, which modification is germane directly to the amendment as I have presented it.

The PRESIDING OFFICER. Pursuant to the previous order, the modification will be made.

Sec. . 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.

Mr. JAVITS. Mr. President—and I hope very much to have the close attention of the Senator from Louisiana, if he can afford me that courtesy—we face a critical problem in respect to unemployment compensation. It is quite a different situation than we have had before, and it becomes really an emergency matter.

The fact is that on December 29, 1973, because of the fact that we will be going back to existing law from an emergency arrangement which we made, which is effective until December 29, 1973, no State will be able to participate in the extended unemployment compensation program any longer. I am referring to the 1970 program under which an added 13 weeks of unemployment compensation is payable on a matching basis, Federal and State to workers who have exhausted their regular benefits.

So Mr. President, whether the Senate decides that my amendment is the thing to take to conference, or some other amendment, the fact is that something must be done about this.

As I said, we do not believe, at a time when the energy crisis threatens us with added pressure on unemployment, rather than its diminution, that we should be left naked in respect of this particular Federal program, which was designed expressly to protect us against such situations.

Mr. President, my amendment, if it were taken and became law, would restore part of the basic permanent law—the 4 percent insured unemployment "trigger"—the other part—the 120-percent "trigger" requirement. The amend-

ment would permit the extended unemployment compensation for those who had exhausted State benefits to be triggered by 4-percent insured unemployment, which normally means 5 percent or more total unemployment, without the necessity of meeting the additional requirement of the permanent law that current insured unemployment must be 20 percent greater than the unemployment rate for the same period in the preceding 2 years.

I think the best proof of the fact that the 120 percent on-and-off trigger is invalid under present conditions is the fact that, if we kept it on, no State would qualify.

If the Senate adopts the amendment which I and my colleagues have joined in offering, some 22 or 24 States, according to the forecast of the Labor Department about impending unemployment in 1974, would be eligible for the extended unemployment program. It is a 50-50 matching proposition. There are over 600,000 workers who are the potential for coverage, according to the best estimates of the Labor Department, and if every State—because this is a matter of State option—opted to take advantage of the relaxed triggers, the aggregate cost would be, roughly, \$175 million or \$185 million—in that parameter—for the States and the Federal Government.

The experience is that that does not happen; that many States do not opt to take advantage of the relaxed triggers. So based upon that kind of experience, the estimate is that the program is very likely to cost each State and the Federal Government something in the area of \$125 million. That is just an order-of-magnitude estimate, but it is a "ball-park" estimate, and we do not believe it should be very much more than that, and probably will be less than that. But one must assume the maximum, which is, roughly, \$185 million on the part of the Federal Government and \$176 million on the part of the State governments, or in that order of magnitude.

That is about the story except for the actual States that would be involved, Mr. President, and I ask unanimous consent that the table cataloging these estimates may be made a part of my remarks. This table, I note, was prepared on the basis of the amendment in the original form I introduced it, that is, with a 4.5 percent trigger and with exhaustees counted. The Labor Department has informed my office that the results under the amendment, as modified, should not be substantially different. I think it would also be useful to have printed in the Record a table prepared by the Labor Department last June, showing its estimates for the fiscal year 1975 had their amendment been enacted into law then.

There being no objection, the tables were ordered to be printed in the Record, as follows:

TABLE 1.—ESTIMATED BENEFICIARIES AND BENEFIT COSTS WITH A 4.5 PERCENT TRIGGER WITH AND WITHOUT EXHAUSTEES USED IN CALCULATING THE RATE

[Dollar amounts in millions]

	Number of beneficiaries (thousands)		Federal costs		State costs	
	With exhaustees	Without exhaustees	With exhaustees	Without exhaustees	With exhaustees	Without exhaustees
Alabama						
Alaska	5.8	5.8	\$1.4	\$1.4	\$1.3	\$1.3
Arizona						
Arkansas						
California	116.2	58.1	31.4	15.7	31.4	15.7
Colorado						
Connecticut	21.8	0	7.0	0	7.0	0
Delaware						
District of Columbia						
Florida						
Georgia						
Hawaii	5.9	0	1.9	0	1.9	0
Idaho	1.8	1.2	.5	.3	.5	.3
Illinois						
Indiana						
Iowa						
Kansas						
Kentucky						
Louisiana	6.2	0	1.5	0	1.4	0
Maine	7.4	4.4	1.7	1.0	1.7	1.0
Maryland						
Massachusetts	105.5	105.5	27.2	27.2	22.2	22.2
Michigan	48.9	0	14.1	0	14.1	0
Minnesota	7.3	0	1.9	0	1.9	0
Mississippi						
Missouri						
Montana	2.5	1.9	.5	.4	.5	.4
Nebraska						
Nevada	9.5	3.7	\$2.8	\$1.1	\$2.8	\$1.1
New Hampshire						
New Jersey	111.8	111.8	36.1	36.1	36.1	36.1
New Mexico	1.5	0	.4	0	.3	0
New York	46.3	0	13.4	0	13.4	0
North Carolina						
North Dakota	.9	.7	.2	.2	.2	.2
Ohio						
Oklahoma						
Oregon	7.6	4.7	1.7	1.1	1.7	1.1
Pennsylvania	25.8	0	8.1	0	6.6	0
Puerto Rico	42.3	42.3	8.5	8.5	8.5	8.5
Rhode Island	15.7	15.7	4.5	4.5	4.5	4.5
South Carolina						
South Dakota						
Tennessee						
Texas						
Utah	2.7	0	.7	0	.4	0
Vermont	1.8	.9	.5	.3	.5	.3
Virginia						
Washington	69.8	69.8	20.2	20.2	16.5	16.5
West Virginia	3.1	2.3	.6	.4	.6	.4
Wisconsin						
Wyoming						
Total	668.1	428.8	186.8	118.4	176.0	109.6

Source: Office of Research and Actuarial Services, Unemployment Insurance Service, Department of Labor; Oct. 5, 1973.

TABLE 2.—ESTIMATED BENEFICIARIES AND BENEFIT COSTS WITH A 4-PERCENT TRIGGER WITH AND WITHOUT EXHAUSTEES USED IN CALCULATING THE RATE

[Dollar amounts in millions]

	Number of beneficiaries (thousands)		Federal costs		State costs	
	With exhaustees	Without exhaustees	With exhaustees	Without exhaustees	With exhaustees	Without exhaustees
Alabama						
Alaska	5.8	5.8	\$1.4	\$1.4	\$1.3	\$1.3
Arizona						
Arkansas	2.5	0	.5	0	.5	0
California	232.4	174.3	62.8	47.2	62.8	47.2
Colorado						
Connecticut	43.6	21.8	14.0	7.0	14.0	7.0
Delaware						
District of Columbia						
Florida						
Georgia						
Hawaii	9.0	5.9	2.9	1.9	2.9	1.9
Idaho	3.4	1.4	.9	.4	.9	.4
Illinois						
Indiana						
Iowa						
Kansas						
Kentucky	3.6	0	.9	0	.9	0
Louisiana	18.6	0	4.5	0	4.1	0
Maine	12.9	9.7	3.0	2.3	3.0	2.3
Maryland						
Massachusetts	105.5	105.5	27.2	27.2	22.2	22.2
Michigan	97.7	48.9	28.2	14.1	28.2	14.1
Minnesota	19.6	7.3	5.1	1.9	5.1	1.9
Mississippi						
Missouri	7.4	0	1.8	0	1.8	0
Montana	4.2	2.3	.9	.5	.9	.5
Nebraska						
Nevada	9.5	9.5	\$2.8	\$8.8	\$8.8	\$8.8
New Hampshire						
New Jersey	111.8	111.8	36.1	36.1	36.1	36.1
New Mexico	2.8	1.5	.6	.4	.5	.3
New York	185.4	92.7	53.7	26.8	53.7	26.8
North Carolina						
North Dakota	1.6	.8	.4	.2	.4	.2
Ohio						
Oklahoma	9.2	0	1.9	0	1.9	0
Oregon	11.4	10.5	2.6	2.4	2.6	2.4
Pennsylvania	91.4	53.6	28.7	16.8	23.4	13.7
Puerto Rico	42.3	42.3	8.5	8.5	8.5	8.5
Rhode Island	15.7	15.7	4.5	4.5	4.5	4.5
South Carolina						
South Dakota						
Tennessee						
Texas						
Utah	3.5	2.7	.9	.7	.6	.4
Vermont	3.6	3.5	1.0	1.0	1.0	1.0
Virginia						
Washington	69.8	69.8	20.2	20.2	16.5	16.5
West Virginia	5.7	2.6	1.1	.5	1.1	.5
Wisconsin	5.1	0	2.4	0	1.6	0
Wyoming						
Total	1,135.0	799.9	319.5	224.8	303.8	212.5

**Assumptions:**

The State Unemployment rates are assumed to be the same for FY '74 as they were for FY 73. This implies that the unemployment rates will be higher than would be under the Administration's assumption of continued improvement in unemployment. This assumption was made because of the length of time it would take to make the estimate under the administrative assumption.

2. The average weekly benefit amount is assumed to increase five percent per year. The base is calendar year 1972.

3. The average duration of extended benefits is assumed to be nine weeks except for Puerto Rico where it is assumed to be eight weeks.

4. For those States who do not have a 26 week maximum duration of benefits, the

survival rate is assumed to be 95 in calculating the number of exhaustees who would be claimants under an extended benefit program.

5. The difference between the State and Federal shares occur in those States where the maximum regular benefits are longer than 26 weeks thus these States are paying some benefits which would be sharable without the trigger.

Mr. JAVITS. The table itself, of course, indicates the States which would be affected, but I would like to read into the Record the States which the best estimates that are available indicate would be triggered so that they could be in the program in the ensuing year. These are Alaska, California, Idaho, Maine, Massa-

chusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Utah, Vermont, Washington, West Virginia, and Puerto Rico. That is 22.

As to two States, Louisiana and Wisconsin, there is a little more doubt. They would have been included without question in the amendment as originally drafted, which dealt with the problem of exhaustees—that is, those who had exhausted their benefits. In all logic, that is the way it ought to be, but after consultation with the experts on the Finance Committee and our being advised that that might present more difficulties in

conference than going to the straight 4-percent trigger which is already in the law, we are only omitting that part which deals with the 120-percent historic trigger, feeling that it would be better and far more certain if we left out the exhaustees. So, without attempting to be obdurate, I have left the exhaustees out. That makes it more doubtful about those two States, Louisiana and Wisconsin, actually being in the program, but as to the other 22, the estimate is clear that that is what the amendment is providing.

At a time when all of us are deeply concerned about the effect on our economy of the energy crisis and many other things, it seems only forehanded that we provide ourselves with this tool of independent protection.

Mr. President, I notice the Senator from Connecticut is on his feet. I would like to say that there has been much sympathy to this approach by many Members of the Senate. The Senator from Connecticut (Mr. RIBICOFF) as a member of the Finance Committee is in a position to give us a very authoritative point of view. I would be glad to yield to him.

Mr. RIBICOFF. Mr. President, I thank the Senator for yielding to me. I commend him for offering the amendment. I am pleased to be a cosponsor of the amendment with him.

I would hope that our distinguished chairman of the committee would agree to accept the amendment.

I have here the Hartford Courant for Wednesday morning. It indicates in a front-page story that the oil crisis, it is feared, will cut jobs in Connecticut by 25,000.

These figures are estimated figures by the Connecticut Business and Industry Association. They estimate that the energy crisis will cause a loss of 25,000 jobs. The Insurance Association in Connecticut says that some members are looking to a 4-day week.

I know from my correspondence and conversations that many small firms of all kinds see a shutdown or a cutting back if the oil supply falls 30 percent from last year's level in view of the situation the country is facing and the fact that industry and labor will be in a bind for a reason not of their own making.

In the general energy crisis that exists, the least we can do is to protect the employment picture from events far beyond the control of either labor or management.

I had hoped that our distinguished chairman of the committee, who has always been sensitive to the consequences of unemployment will agree to accept the amendment of the Senator from New York in which I am a cosponsor.

Mr. JAVITS. Mr. President, I am very grateful to my colleague for throwing his prestige as a senior member of the committee behind the amendment.

May I say to my colleague that we have every reason to desire not only the full cooperation but also the conviction of the Senator from Louisiana. The Senate adopted an amendment last June very much like the one I am proposing. However, when it came out of conference

it was considerably weakened, which resulted in the present situation. So, the conviction with which the conferees, and especially the Senator from Louisiana, take this matter to conference is critically important.

We might ask the Senator from Louisiana if he will agree to accept the amendment. I also express the hope that it will be very strongly supported in conference.

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

Mr. JAVITS. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, before the Senator from Louisiana responds, I would like to state that I have listened carefully to the Senator from New York and the reading of the names of the States that would now be eligible.

As I pointed out to the Senator from New York privately, the State of Kansas is affected directly as a result of the energy crisis and the fact that we are a leading State in the aviation industry.

We are having hundreds and thousands of our people lose their jobs. Just this past week Cessna Aircraft was forced to lay off people, along with Beech Aircraft, Lear, and others.

As I understand it, the States cited by the Senator from New York are those States as of a certain date. It would have no impact on any State that would not be affected by the energy crisis.

Mr. JAVITS. Mr. President, the Senator from New York wishes to state that the States whose names —? read are from the estimates of the Department of Labor for next year. These estimates were made before we had the energy crisis with us.

I am giving the Senate the very best factual evidence we have as to who would benefit from this provision of the law if it were to become the law.

Mr. DOLE. Mr. President, I thank the Senator from New York. If the Senator has no objection, I would be very glad to join with him as a cosponsor of the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the name of the Senator from Kansas (Mr. DOLE) be added as a cosponsor of the amendment.

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

Mr. LONG. Mr. President, it is obvious that the committee has not had an adequate chance to study the matter, to conduct hearings, or to give it the consideration it deserves. A very impressive case has been made here today for the amendment. It may very well be that something of this sort or something that goes beyond this is going to be necessary before the energy crisis is over, or even within the next 6 days. That being the case, I think that Senators generally would like to feel that the matter is not being neglected. I think they would, generally, like the Senate to know that we are very much concerned about the matter and what the future might hold.

That being the case, I have discussed the amendment with the acting spokesman for the minority side of the committee, the distinguished Senator from Nebraska (Mr. CURTIS), and we have

concluded that we should not oppose the amendment, but have it considered in conference. Therefore, so far as I am concerned, I am prepared to accept the amendment.

Mr. JAVITS. Mr. President, may I ask the distinguished Senator from Louisiana a question, very frankly, because we have had such problems with this matter in conference before. I should like to recall, in all fairness, that in the consideration of the matter last year, when Congress adjourned, this was about the last item on the agenda. I had the assurances of the Senator from Louisiana publicly, in the Senate, and of the chairman of the House Committee on Ways and Means—I make apology to the President for mentioning that, it is not within the rules—that this matter would be given very high consideration.

Our employment problem improved—I am not interested in why—and the matter was not given the prime attention we had been assured it would get.

Now we face another emergent situation. While I am very grateful to the Senator from Louisiana for saying that he will accept the amendment, and also to the Senator from Nebraska (Mr. CURTIS) for concurring in that statement, I would ask the Senators, in all good faith, whether they do not believe that if we had a rollcall vote it would represent a very strong feeling among Senators that something needs to be done in this situation.

Mr. LONG. Mr. President, we have had rollcalls in the past. It is not the fact that rollcall votes have been had that has caused the Senator to be somewhat disappointed in this matter, on some occasions more than others. He has been very active on this subject. He has been extremely alert. He is a member of the Committee on Labor and Public Welfare and has been most diligent in urging that unemployed workers be given every consideration that economic and humane needs dictate.

If the vote were unanimous, as it will be when we have a voice vote, the judgment of the Senate would be the same; namely, that the Senate feels that this matter should be considered as urgently as if we voted by indicating "Aye" on the record. When a Senator answers "Aye," he says that he favors the amendment.

Mr. CURTIS. Mr. President, I think that if this question had not been voted on before, the premise stated by the Senator from New York would have great validity. It is a matter that has been voted on many times. It is a matter of record. Therefore, it seems to me that to dispose of it in this way would be final.

Mr. JAVITS. Personally, I have been burned, as it were, by the fact that we seem to face a difficult situation in the other body. I do not understand why, considering the exigencies in our time. I would quite implicitly state that both Senators have reported a real feeling of conviction by them that something constructive has to be done about it.

Mr. RIBICOFF. Mr. President, if the Senator will yield, I join with the Senator from New York (Mr. JAVITS) in introducing an amendment to revive the extended unemployment compensation

program which, for all intents and purposes will cease to exist at the end of this year unless remedial legislation is enacted.

This program has had a tortuous history. Its complicated eligibility mechanism is such that only two States now are eligible for the program. At the end of this year no State will be eligible. Connecticut phased out of the program on June 10, 1972.

If this amendment is adopted some 600,000 unemployed workers will be able to receive an additional 13 weeks of unemployment compensation over and above their regular 26 weeks. In Connecticut this means that 20,000 unemployed workers will be able to receive 13 weeks of added benefits after their first 26 weeks of benefits expire. This will mean \$14 million of additional benefits in the first 6 months of the revised program for Connecticut workers who are unemployed.

The amendment would accomplish this goal in the following manner:

First, the requirement that "insured" unemployment rate be going up at a rate of 120 percent over the last 2 years would be eliminated. When this requirement was enacted, unemployment was going up and many States qualified. But unemployment has leveled off, often at an unacceptably high level. Workers who are laid off need help regardless of whether general unemployment is going up or has leveled off.

Second, the "insured" unemployment rates trigger mechanism for State eligibility would be lowered from 4.5 percent to 4 percent so that more States could become eligible to participate.

The unemployment picture in America has improved. But in the face of the energy crisis we may find an upswing of unemployment.

Predictions of rising unemployment next year in view of the energy crisis have come from many sources. The National Petroleum Council has warned that rising unemployment may occur next year. A special econometric team at the University of Pennsylvania's Wharton School has made similar predictions.

The Council estimated that unemployment could reach 6.2 percent next year if the fuel shortages reach 2 million barrels a day as expected. If the shortage is 3 million barrels the rate would be 7.7 percent.

The Commerce Department expects a GNP drop of 3.4 percent.

In Connecticut, the Governor's Council of Economic Advisors predicts growing unemployment. While Connecticut unemployment dropped from 135,000 in June 1972 to 90,000 in June 1973, and is now at a 4.8 percent rate—national rate is 4.5 percent—they predicted that by June of 1974 unemployment levels would again exceed 100,000. In Connecticut the economy is not growing fast enough to provide jobs for the 25,000 new people who enter the job market each year.

While States will have to pass legislation to implement this legislation, Congress must take the first step. It is important that we take action now before a crisis occurs. I urge my colleagues to approve this amendment.

May I say to my distinguished colleague from New York that our chairman did extend himself and stay to the very limit, to the end of the conference, to try to achieve the result of his commitment to the Senator from New York and myself; but the House was adamant. The House was also adamant on other measures that the Senator from Louisiana and I felt not only carried out the intention of this body, but were most worthwhile.

I do not know whether I would be a conferee again, but I have the utmost confidence that our chairman will do everything he possibly can to fulfill his commitment. As the Senator from New York knows, when it comes down to the final crunch, whether he can deliver the other body's conferees he cannot say.

Mr. CRANSTON. Mr. President, I wish to express my support for the amendment offered by the Senator from New York, Mr. JAVITS, and which I have cosponsored, to extend unemployment compensation benefits to workers who would otherwise exhaust their benefits during calendar year 1974.

Without the changes proposed by this amendment, California will not be eligible to participate in the extended unemployment compensation benefits program.

Unemployment in California now is at an annual rate of 5.2 percent. Currently, some 3,200 workers in my State each week exhaust their 26 weeks of unemployment compensation benefits. As seasonal unemployment increases—and as unemployment brought on by the energy crisis hits us—the numbers of workers running out of benefits will increase sharply.

Yet, in spite of these facts which demonstrate a clear need for extended unemployment compensation benefits, California, under the present law, will probably not be eligible to participate in the program. This means that nearly a quarter of a million of California workers will needlessly be denied benefits during 1974 which they should be receiving except for the unrealistic conditions set by the present act.

The amendment I am cosponsoring will change the law in two major respects which will make it possible for California and 23 other States to participate in the extended unemployment compensation benefits program or to continue their present participation.

First, the amendment will eliminate the requirement that a State by experiencing a rapidly increasing rate of insured unemployment—120 percent of the rate experienced during the previous 2 years. Under present economic conditions, it appears that we will not only experience a projected increase in unemployment, but that unemployment will be chronic and continuing. The change proposed by the Javits Amendment is absolutely necessary if we are not to deny unemployment compensation to workers who are out of work beyond the 26-week period of their benefits.

Second, the amendment will revise the insured unemployment rate necessary to trigger eligibility of a State to participate in the program.

The proposed new trigger will make a State eligible when insured unemployment reaches 4.5 percent, including the number of persons who have exhausted their benefits. Under the present law, the State must exclude the number of exhaustees when calculating the unemployment rate.

This change would mean that California could meet the trigger test for participation in the extended benefits program. Under the present act, California cannot meet the trigger test because we cannot count the substantial numbers of workers running out of benefits in calculating the insured unemployment rate.

These changes in the Extended Unemployed Compensation Benefits Program are necessary and I will vote for them.

Mr. JAVITS. Mr. President, I am going to act upon what I know to be the right instinct, which is to let the matter rest at this point, the amendment having been accepted.

Mr. TUNNEY. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. TUNNEY. I would just like to associate myself with my distinguished colleague from New York in cosponsoring the amendment. I am delighted to join with the distinguished senior Senator from New York in cosponsoring this amendment.

California continues to suffer from high levels of unemployment. Many working men and women, through no fault of their own, find themselves out of jobs and out of unemployment compensation benefits and will benefit from passage of this amendment.

During the last month for which data are available, more than 16,000 Californians exhausted their unemployment compensation benefits. These people represented just over 8 percent of all those receiving such benefits.

Under ordinary circumstances, more than a quarter of a million Californians could be eligible for extended unemployment compensation in 1974.

Unfortunately, Mr. President, the advancing energy crisis will throw many additional thousands of people in my State onto the unemployment rolls. We can thus safely anticipate that the number of unemployed Californians exhausting their benefits in 1974 will rise substantially above the quarter million level. The urgency of this amendment, is, therefore, greater than ever before.

Chairman WILBUR MILLS of the House Ways and Means Committee has indicated his support for the substance of this amendment.

In view of the widely recognized need for extension of unemployment compensation benefits and the favorable prospects for House passage, I urge the Senate to approve this amendment without further delay.

I think the amendment is absolutely essential to thousands of workers who are going to be dropped from the unemployment compensation rolls as a result of having exhausted their benefits. I know that the distinguished Senator from Louisiana has indicated great concern in the past regarding this mat-

ter, and I want to thank him for indicating here today that he will accept the amendment. I think there are tens of thousands of workers who will be appreciative of the action that will be taken today, so that they can get back on the unemployment compensation rolls and will not be subjected to a situation where they will have to go on welfare if they have no other means of income.

Mr. JAVITS. I thank my colleague very much.

Mr. President, I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BARTLETT). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, if I could have the attention of the Senator from Louisiana and the staff, a question has arisen in respect of the social services matter which we have already disposed of in this situation with relation to the following situation: Where it can be demonstrated to the satisfaction of the Secretary of HEW that if an allotment is made of money which is not otherwise expended under social services ceiling and appropriation, the amount will be, in the language appearing at page 78, line 8 of the committee bill "utilized so as to produce a significant cost benefit," I ask the manager of the bill whether my State or any other State would be eligible, under that proviso, in the event that any amounts are left in the fund, to receive more than its regular entitlement under the fund.

Mr. LONG. The answer is "Yes."

Mr. JAVITS. I thank my colleague very much.

Mr. President, I am generally pleased with the committee's action in including in this measure a new authority for the conduct of our essential social services programs.

As Members know, through a series of steps this year, the administration has sought greatly to restrict under present authority a number of the elements of the current social services programs; they have done so by a series of regulations and modifications thereto over the course of this last year.

Senator MONDALE and I, and a number of other Members of this body, have at the same time, sought to have these questions cleared up legislatively.

To that end, with 43 Senators, we introduced on March 14, S. 1220, a bill to limit the authority of the Secretary to impose regulations. In response to that initiative and to its credit, the Finance Committee postponed the implementation of the regulations until November 1 and the President signed that provision into law as a part of the Renegotiation Act Amendments of 1973.

On October 3, 1973, with 36 cosponsors, I joined with Senator MONDALE in introducing S. 2528, the social services amendments, establishing a legislative charter for the program, basically along the lines of the manner in which it has been conducted under the law prior to the Secretary's proposals for new regulations.

As the November 1 deadline approached, Secretary Weinberger modified his regulations again, meeting a number of our concerns, but unfortunately, still short of our goals.

The Finance Committee has now acted and, while their proposals are not exactly what we proposed in S. 2528, they are substantially in response to our concerns and are preferable to the latest regulations promulgated by Secretary Weinberger.

The committee bill, like S. 2528 enjoys the support of the National Governors' Conference and, I am pleased to say the support of the New York State Department of Social Services. However, the city of New York, still has concerns with respect to the regulations.

With that background, I shall now comment on the various elements of the committee bill as distinct from S. 2528 and the proposed regulations.

First, eligibility.—As a general matter, the regulations provided for free services up to \$6,768 for a family of four. In contrast, S. 2528 permitted free services up to a level of \$7,841 for a family of four—using the criteria of the Bureau of Labor Statistics "Lower Living Standard." The committee bill gives the States complete latitude to determine questions of eligibility and fees, thus taking into account cost of living aspects, the cost of going to work, and other factors which will be relevant to the "real life situation" in New York State and in New York and other cities within the State.

Similarly, under the committee bill, the States will have latitude to determine who may be considered a potential or previous welfare recipient. The new regulations provided that eligibility may include, in addition to persons actually on welfare, persons who were on welfare within the previous 3 months and persons who may potentially fall into welfare within 1 year. S. 2528, following previous practice, allowed States to serve persons who have been on welfare within 2 years or are likely to be on welfare within 5 years.

Second, services.—S. 2528, contained a broad list of statutorily defined services, in effect cataloging the current practices within the States. The committee bill provides latitude for the States to furnish services provided that they are appropriate for meeting any one of four goals: First, employment and economic self-sufficiency; second, family care or self care, including for children, the achievement of maximum potential and to prevent or remedy neglect; third, community-based care; and fourth, institutional care. The committee bill then goes on to list a number of illustrative "services" which include many of the elements which were contained in our bill.

I am very pleased that under the committee bill, child care will be permitted, even in cases other than those that relate to employability of the mother. I am advised that 15 percent of the children in child care programs in New York City—approximately 5,000 children out of the total—are participating for reasons other than the employability of the mother, such as emotional problems of the mother, large families, and other such factors.

Third, privately donated funds.—The committee bill—along the lines of S. 2528 and unlike the regulations—includes a provision insuring that privately donated funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services, subject to certain safeguards.

Fourth, the 90-10 formula.—the committee bill would eliminate completely the requirement under present law that 90 percent of funds be used for services to present welfare recipients. S. 2528 would have modified the formula to 75-25.

Fifth, child care standards.—the committee bill does not contain any provision for Federal standards for child care, as did S. 2528. Senator MONDALE and I will seek, by amendment to this bill, to insure such a provision.

Mr. President, it is very important to note that the committee report continues to make clear that these funds are to be used basically for the same welfare-related purposes as before. The committee report states on page 33 that:

It is the Committee's belief that the mutual objective of the States and the Federal Government of *reducing dependence upon welfare* will be met most effectively by this approach". (emphasis added).

Additionally, to that end, the bill contains provisions to insure that States do not use Federal social services funds in such a way as to simply replace State money with Federal money—that is that funds must result in an increase in the level of social services; furthermore, the bill contains a report requirement which is to include information on the extent to which funds are used for services to persons not actually on welfare.

Mr. President, in addition to these elements regarding the flexibility of the State to conduct their programs, the committee bill deserves comment in respect to funds and distribution of funds.

As Members know, the Congress previously established a \$2.5 billion ceiling on social services programs and, in that context included a distribution which greatly penalized the industrial States. Under the formula, my own State of New York has been held to 220,497,000 for fiscal year 1973—an amount \$580,000,000 below its original estimate for fiscal year 1972 when the ceiling was first imposed.

The committee bill will maintain New York at that level of \$220 million during fiscal year 1974; a number of hold harmless and redistribution provisions included in the bill at my urging will have that effect, even though the ceiling has been further reduced to \$1.9 billion.

But it appears unlikely that New York can receive any amount above the \$220



million for this fiscal year. The committee bill contains a discretionary funds of \$50 million available to the Secretary. However, the Secretary is to use that fund in the following order:

In the first instance to provide assistance to States which were eligible in fiscal year 1973—by reason of a "savings clause"—for additional funding above their share of the \$2.5 billion. New York is not one of those States.

In the second instance to States for whom the provisions under the \$1.9 billion ceiling will force cutbacks below their entitlement under the population formula. This arises generally because the formula for distribution relates to the level attained in the July-September 1973 quarter and that level for some States is substantially below their real plans for expansion in reaching the full amount of their entitlement. New York—precisely because it was "bursting at the seams"—hit its full planned level in the July-September quarter—and thus cannot benefit further.

In the third instance, to provide additional financial assistance to States which can demonstrate to the Secretary that if an allotment is made, the amount will be, in language appearing at page 78, line 8, of the committee bill, "utilized so as to produce a significant cost benefit."

With respect to the latter, I ask the manager of the bill whether New York could be eligible under the third—in the event that any amounts at all are left in the fund—to receive more than its \$220 million.

It seems to me that a fair construction of the statute is that it would, since subsection (c) (1) (page 76, line 11) refers to funds "in addition" to the amount allotted and (c) (3) (C) (page 78, line 78) refers to "additional" Federal financial assistance.—Counsel for Long agrees, but had not considered the question before. Will brief Long.

As to future fiscal years, there is no general redistribution or discretionary fund provisions, and thus at this point in time, New York—despite its very heavy needs—would appear to be locked in forever at \$220 million.

Similarly, all States will be locked in in the future and if funds are not used by some of the States, they will go down the drain as far as social services are concerned.

At this point—putting it bluntly—there is nothing we can do about it. It is assumed by all States that they will use all of their funds and the population formula is carefully designed so that those that could benefit from redistribution are only a handful of States.

But I believe that this matter of redistribution as to future years should be given very close attention and review early next year on the basis of the experience of the States under this new social services charter and I trust this will be done.

Mr. President, I ask unanimous consent that there be included in the Record at this point a letter to me from Jule M. Sugarman, administrator of the human resources administration of the city of New York and a letter to me from Mrs.

Eleanor H. Kirk, president of the State association of child care councils for the State of New York, each of which indicate opposition to the regulations.

There being no objection, the letters were ordered to be printed in the Record, as follows:

HUMAN RESOURCES ADMINISTRATION,  
New York, N.Y., November 20, 1973.

Hon. JACOB K. JAVITS,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR: As you know, HEW's social services regulations became effective November 1, 1973. While these regulations are more flexible than earlier versions published during the year, I remain concerned with three issues in the final regulations.

In my opinion, HEW's potential income eligibility level for no fee day care is too low. While I recognize that families whose incomes are under 233 1/4 % of each state's standard of need (maximum \$9,395 annual gross for a family of four in New York State) would be eligible for day care, families of four having annual incomes above \$6,768 would be expected to pay a fee. Each state is to establish a fee schedule for day care service as part of its state plan for these latter families, which must be approved by HEW. As such, there is no assurance that families whose incomes are just above the state standard for free day care would not find themselves priced out of the market by rigidly established fee schedules. Without a realistic fee schedule, a family of four in New York State having an annual income of \$6,800, \$32 over the no fee eligibility (approximately \$.61 per week), might be expected to pay five to ten dollars per week in day care payments. Given that choice, many families may be forced to seek alternate means for child care, possibly exposing their children to care which is potentially neglectful. Other families may perforce decide that they are financially unable to afford this vital service, and choose to remain home with their children. This may have an adverse effect on our declining welfare rolls. I do believe that the \$6,768 family of four annual gross income cut off for free day care is unrealistically low so as to create hardships for many potential recipients in metropolitan New York. Considering that the Bureau of Labor Statistics has established the lowest living standard for New York City at \$7,841 (annual family of four), it is inconceivable that families of four with incomes over \$6,768 annual will be expected to contribute to the cost of day care.

Secondly, HEW's continued narrow stance with reference to the time limits for former and potential eligibility need to be underscored. If states are to effectively help persons stay off of welfare rolls, they must have the flexibility to achieve that goal. As such, a one year time limitation for potentials, and a three month limitation for former recipients is totally unrealistic.

Finally, I have repeatedly pointed out that the lack of group eligibility will create serious problems with our senior citizen program. Without the provision of group eligibility, New York City will be faced with financing this program through city tax levy, rather than subjecting our senior citizen population to an individual means test. I cannot stress too strongly that an individual means test performed by our employees would establish an image in the minds of our senior citizen population that they are applying for welfare. Given their adverse reaction to welfare dependency, I would surmise that numerous senior citizens would choose to do without the service rather than expose their limited assets.

Additionally, New York City would not be able to receive federal financial participation in other group services such as group coun-

selling for teenagers. Given the nature of the street gang problem in the ghettos of our cities, it is crucial that our workers have the ability to gain the trust of these youngsters without requesting detailed data on their eligibility. As you may be aware, the problem of unemployment is a critical factor in the gang population. Unless we have the capacity to reach these youngsters and help them gain training and skills leading to employment, these youths may well be our next wave of welfare dependents.

In conclusion, I would like to stress that HEW's final regulations have undergone considerable improvement since first published in proposed form on February 26, 1973. However, the three issues detailed above continue to be of concern to me.

Sincerely,

JULE M. SUGARMAN,  
Administrator.

STATE ASSOCIATION OF  
CHILD CARE COUNCILS,  
Hempstead, N.Y., October 28, 1973.

Hon. JACOB K. JAVITS,  
Old Senate Office Building,  
Washington, D.C.

DEAR SENATOR JAVITS: The New York State Association of Child Care Councils heartily endorses S 2528 and your efforts to rescue the social service program from the regressive federal regulations scheduled to go into effect on November 1st.

The thirteen member day care councils and coordinating committees of the New York State Association of Child Care Councils represent a broad constituency of citizens, agencies, and day care providers and consumers of services. We hope that when the House-Senate Conference Committee receives S 3153, to which S 2528 is attached, swift approval will be given.

We are grateful for your continuing concern for human services.

Sincerely yours,

Mrs. ELEANOR H. KIRK,  
President.

AMENDMENTS NOS. 640, 644, 645, 731, 739, 747,  
748, AND 749

Mr. LONG. Mr. President, I have indicated previously that I was going to offer, on behalf of various Senators, their amendments, which I would urge the Senate to accept. I ask that the following amendments, which I have submitted at the desk, be laid before the Senate and considered en bloc:

Amendment No. 640, by Mr. MUSKIE.  
Amendment No. 644, by Mr. CRANSTON.  
Amendment No. 645, by Mr. CRANSTON.  
Amendment No. 731, by Mr. BIDEN.  
Amendment No. 739, by Mr. TAFT.  
Amendment No. 747, by Mr. CRANSTON.  
Amendment No. 748, by Mr. CRANSTON.  
Amendment No. 749, by Mr. CRANSTON.

I ask unanimous consent that the amendments be printed in the Record at this point and considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered, and the amendments will be considered en bloc.

Mr. MUSKIE's amendment No. 640 is as follows:

At the appropriate place in the bill, insert the following new section:

LIMIT ON MEDICARE INPATIENT HOSPITAL  
DEDUCTIBLE

SEC. —. (a) (1) Section 1813(b) (1) of the Social Security Act is amended—

(A) by striking out "40" and inserting in lieu thereof "72"; and

(B) by striking out "1969" and inserting in lieu thereof "1975".

(2) Section (b) (2) of such Act is amended—

(A) by striking out "1968" and inserting in lieu thereof "1974";

(B) by striking out "\$40" and inserting in lieu thereof "\$72"; and

(C) by striking out "1968" and inserting in lieu thereof "1972".

(b) The amendments made by subsection (a) shall be effective with respect to services provided after December 31, 1973.

AMENDMENT NO. 640—MEDICARE DEDUCTIBLE FREEZE

Mr. MUSKIE. Mr. President, the medicare deductible freeze amendment which I offer today would prevent a scheduled increase in the medicare deductible and coinsurance rates next year, and reduce the amount of future increases. I am pleased to say that 41 Senators have cosponsored this amendment: Senators ABOUREZK, BAYH, BIBLE, BIDEN, BROOKE, BURDICK, CANNON, CASE, CHILES, CHURCH, CLARK, CRANSTON, EAGLETON, EASTLAND, GRAVEL, GURNEY, HART, HARTKE, HATFIELD, HATHAWAY, HUGHES, HUMPHREY, JACKSON, JAVITS, KENNEDY, MAGNUSON, MCGEE, MCGOVERN, MCINTYRE, METCALF, MONDALE, MONTOYA, MOSS, PELL, RANDOLPH, REBICOFF, STAFFORD, STEVENS, STEVENSON, TUNNEY, and WILLIAMS.

The Department of Health, Education, and Welfare announced last month that the deductible—the amount a hospital patient must pay before medicare takes over—would increase from \$72 to \$84 in 1974. This increase in the hospital deductible would also have the effect of raising by 17 percent the medicare coinsurance charges—the portion of the costs that patients must pay for hospital stays longer than 60 days and for nursing home extended care after 20 days.

If the increase is allowed to take place, it would affect some 5½ million aged and disabled medicare beneficiaries who are expected to be hospitalized in 1974. It would add yet another burden to the aged who have limited incomes and still must somehow cope with ever-rising prices. It would also come hard on the premium charge under the medicare supplementary medical insurance program, which has just risen from \$5.80 to \$6.30 per month.

These additional medicare charges are robbing the aged of the small amount of discretionary income that they have. For many of the aged, food and shelter and medical costs consume almost their entire income. Even relatively small increases in medicare charges can have a major impact on their personal finances.

The deductible for medicare hospital insurance was \$40 when medicare went into effect in July 1966. Raising the deductible to \$84 would mean that it has more than doubled since the program began. At the same time, the coinsurance payments, which are linked to the deductible, would also more than double. Next year, if a medicare beneficiary required more than 60 days hospitalization, the coinsurance payment per day for the 61st through 90th day would be \$21 a day as compared to \$18 currently and \$10 when medicare was enacted. For a posthospital stay of more than 20 days in a nursing home the coinsurance would be \$10.50 a day compared to \$9 currently and \$5 when medicare began.

As things now stand, this increase is mandatory because the law requires the deductible to be determined annually according to changes in average per diem hospital costs covered by medicare. Under section 1813(b) of the Social Security Act, each year the medicare inpatient hospital deductible for the following year is set—in multiples of \$4—at \$40 multiplied by the ratio of average per diem inpatient hospital costs, for the previous year compared to the average per diem cost for 1966. For instance, the deductible for 1974 is set in 1973 based upon inpatient hospital rates in 1972.

My amendment would declare a 1-year moratorium on the ever-increasing hospital deductible and coinsurance charges. The amendment requires that the deductible remain at \$72 during 1974, thus also freezing coinsurance at current levels. In addition, the amendment modifies the cost increase formula by providing that increases from the \$72 level would be based on the percentage increase in the average per diem rate for hospital services since 1972. Under the amendment, for example, the deductible and coinsurance for 1975 would be set during 1974 based on hospital cost increases in 1973. By in effect changing the base year in the formula, my amendment would reduce the amount of future increases, so that the deductible and coinsurance would be 15 percent less than under current law.

This temporary relief for medicare recipients can easily be borne by the hospital insurance trust fund. The estimated additional cost of the amendment would be \$103 million for 1974, but in that year the hospital insurance trust fund is projected to have a surplus of \$8.6 billion even under the provisions of H.R. 3153. The fund is expected to have increasingly surpluses in later years under H.R. 3153: \$10.1 billion in 1975, \$11.3 billion in 1976, \$12 billion in 1977, and \$14.9 billion in 1978. The cost of my amendment in each of these years would be slightly over \$100 million. It would not significantly reduce the ratio of assets to outgo, which would remain at about the 75-percent level. My amendment thus would not jeopardize the short-term or long-term actuarial balance or safety of the trust fund, and would require no further financing.

Finally, there is no policy justification for allowing the medicare deductible and coinsurance to increase. Hearings I have conducted, as chairman of the Subcommittee on Health of the Elderly of the Special Committee on Aging, show that increased "cost-sharing" under medicare would not increase the efficiency of the program, but would merely impose financial hardship on millions of the elderly, and possibly discourage needed preventative health care leading to increased longrun costs.

Mr. President, this amendment is enthusiastically supported by the National Council of Senior Citizens and the National Retired Teachers Association-American Association of Retired Persons. Together they represent almost 9 million aged and aging Americans who are more than a little concerned about escalating medicare charges.

Now is the time to provide at least temporary relief from yet another stiff medicare increase. I urge the Senate to adopt this medicare deductible freeze amendment.

Mr. CRANSTON'S Amendment No. 644 is as follows: At the end of the bill add the following new section:

MEDICARE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HEALTH INSURANCE

SEC. — (a) Title XVIII of the Social Security Act is amended by adding after section 1818 the following new section:

"HOSPITAL INSURANCE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HEALTH INSURANCE

"Sec. 1819. (a) Every individual who—

"(1) has attained the age of 60, but has not attained the age of 65; and

"(2) is either—

"(A) an individual entitled to monthly insurance benefits under section 202 or benefits under the Railroad Retirement Act of 1937, or

"(B) the wife or husband of a person entitled to benefits under this part, or

"(C) an individual entitled to benefits under—

"(i) section 223(a), or

"(ii) subsections (e), (f) (g), or (h), of section 202 based on disability,

but who has not met the conditions of section 226(b) (2); and

"(3) is enrolled under part B of this title shall be eligible to enroll in the insurance program established by this part.

"(b) (1) An individual may enroll only once under this section and only in such manner and form as may be prescribed in regulations, and only during an enrollment period prescribed in or under this section.

"(2) In the case of an individual who satisfies paragraph (1) of subsection (a) of this section and either subparagraph (A) or (C) of paragraph (2) of such subsection, his enrollment period shall begin with whichever of the following is the latest:

"(A) April 1, 1974, or

"(B) the date such individual first meets the conditions in such paragraph (2), or

"(C) the date the Secretary sends notice to such individual that he is entitled to any monthly insurance benefits as specified in subparagraph (A) or (C) of such paragraph (2),

and shall end at the close of the—

"(D) 90th day thereafter, if such enrollment period begins on the date specified in subparagraph (B) or (C) of this paragraph, or

"(E) the 180th day thereafter, if such enrollment period begins on April 1, 1974.

"(3) In the case of an individual satisfying paragraph (1) and paragraph (2) (B) of subsection (a) of this section, his enrollment period shall begin on whichever of the following is the later: (A) April 1, 1974, or (B) the date such individual first meets the conditions specified in such paragraphs, and shall end at the close of the (C) 90th day thereafter, if such enrollment period begins on the date specified in clause (B) of this paragraph or (D) the 180th day thereafter, if such enrollment period begins on April 1, 1974.

"(c) (1) In the case of an individual who enrolls pursuant to the provisions of this section, the coverage period during which he is entitled to benefits under this part shall begin on the first day of the second month after the month in which he enrolls, or July 1, 1974, whichever is later.

"(2) An individual's coverage period shall terminate at the earlier of the following—

"(A) for failure to make timely premium

payments, at such time as may be prescribed in regulations which may include a grace period in which overdue premiums may be paid and coverage continued, but such grace period shall not exceed 30 days, except that it may be extended to not to exceed 60 days in any case where the Secretary determines that there was good cause for failure to pay overdue premiums within such 30-day period; or

"(B) at the close of the month following the month in which an individual files a notice with the Secretary that he no longer desires to be enrolled under this section; or

"(C) with the month before the month he no longer meets the conditions specified in subsection (a).

Notwithstanding the preceding provisions of this paragraph, an individual's coverage period shall terminate at such time as such individual becomes eligible for hospital insurance benefits under section 228 of this Act or section 103 of the Social Security Amendments of 1965; and upon such termination such individual shall be deemed, solely for purposes of hospital insurance entitlement, to have filed in such month the application required to establish such entitlement.

"(d)(1) The monthly premium of each individual under this section for each month in his coverage period before July 1975 shall be \$33.

"(2) The Secretary shall during December of 1974 and of each year thereafter, determine and promulgate the dollar amount (whether or not such dollar amount is applicable for premiums for any prior month) which shall be applicable for premiums chargeable to individuals for months occurring in the 12-month period commencing July 1 of the next succeeding year. Such amount shall be actuarially adequate on a per capita basis to meet the estimated amounts of incurred claims and administrative expenses for individuals enrolled under this section during such period; and such amount shall take into consideration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of \$1 shall be rounded to the nearest \$1, or if midway between multiples of \$1, to the next higher multiple of \$1.

"(e) Payment of the monthly premiums on behalf of any individual who meets the conditions of subsection (a) may be made by any public or private agency or organization under a contract or other arrangement entered into between it and the Secretary if the Secretary determines that payment of such premiums under such contract or other arrangement is administratively feasible.

"(f)(1) The provisions of section 1840 shall apply to individuals enrolled under this section if such individuals are entitled to monthly insurance benefits under section 202 or 223. The provisions of subsections (e), (f), (g), and (h) of such section 1840 shall apply to any other individual so enrolled.

"(2) Where an individual enrolled under this section meets the provisions of paragraph (2)(B) of subsection (a) (but does not meet the provisions of paragraph (2)(A) or (2)(C) of such subsection) and the person referred to in such paragraph (2)(B) is entitled to monthly insurance benefits under section 202 or section 223, the provisions of section 1840(a)(1) shall apply to such benefits as though such husband or wife were entitled to such benefits, unless such persons file a notice with the Secretary that the deductions provisions of such section 1840(a)(1) shall not apply.

"(g) The term 'wife,' or 'husband' as used in this section shall have the meaning assigned to those terms by subsection (b) and subsection (f) of section 216, as the case may be, except that the provisions of clause

(2) of such subsection (b) and clause (2) of such subsection (f) shall not apply."

(b) Title XVIII of such Act is further amended by adding after section 1844 the following new section:

"ELIGIBILITY OF INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HOSPITAL INSURANCE

"SEC. 1845. (a) Any individual who meets the conditions of paragraph (1) and paragraph (2) of section 1819 (a) shall be eligible to enroll in the insurance program established by this part. The provisions of subsections (b), (c), (e), (f), and (g) of section 1819 shall apply to individuals authorized to enroll under this section.

"(b) An individual's coverage period shall also terminate when (A) he no longer meets the conditions specified in paragraphs (1) and (2) of section 1819(a) or (B) his enrollment under section 1819 is terminated. Where termination occurs pursuant to this subsection, the coverage period shall terminate with the close of whichever of the following months is the earliest: (C) the month before the month the individual attains the age of 65 or (D) the month following the month in which such individual no longer meets the conditions of paragraph (2) of section 1819(a) or (E) the month in which his enrollment under section 1819 terminates

"(c)(1) The monthly premium of each individual under this section for each month in his coverage period before July 1975 shall be 200 per centum of the premium payable by an individual who has attained age 65 for such month.

"(2) The Secretary shall, during December of each year beginning in 1974, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 of the next year. Such amount shall be actuarially adequate on a per capita basis to meet the estimated amounts of incurred claims and administrative expenses for individuals enrolled under this section during such period, and such amount shall take into consideration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of \$1 shall be rounded to the nearest \$1 or if midway between multiples \$1, to the next higher multiple of \$1.

"(d) All premiums collected from individuals enrolled pursuant to this section shall be deposited in the Federal Supplementary Medical Insurance Trust Fund."

AMENDMENT NO. 644—TO ALLOW INDIVIDUALS AGED 60 TO 64 TO "BUY-IN" TO MEDICARE

Mr. CRANSTON. Mr. President, my amendment No. 644 is identical to S. 919, a bill which the distinguished Senator from Florida (Mr. GURNEY) and I introduced on February 20 of this year. Joining me as cosponsors of this amendment are the original cosponsors of S. 919—the Senators from Florida (Mr. GURNEY), Maine (Mr. HATHAWAY), Michigan (Mr. HART), South Carolina (Mr. HOLINGS), Iowa (Mr. HUGHES), Wyoming (Mr. MCGEE), Minnesota (Mr. MONDALE), Utah (Mr. MOSS), Rhode Island (Mr. FELL), West Virginia (Mr. RANDOLPH), and Illinois (Mr. STEVENSON). In addition, as a new cosponsor, I am pleased that the distinguished Senator from South Dakota (Mr. MCGOVERN) is joining as a cosponsor on this important measure. Amendment No. 644 is designed to enable certain individuals who have

not yet reached 65 to "buy into" parts A and B of medicare by the payment of equal-to-cost premiums at no additional cost to the American taxpayer.

The need for this legislation stems from the fact that medicare eligibility does not begin until age 65—except for those disabled social security beneficiaries to whom medicare coverage was extended as the result of Public Law 92-603—yet many older persons lose their group health coverage when they retire before the age of 65. They are forced to enroll in high cost individual health policies reflecting extremely limited and inadequate coverage—and even those are almost never available to individuals over 60 years old—or to forego any coverage whatsoever, gambling that they will stay healthy at least until they reach 65 when they become eligible for medicare.

This is an intolerable situation, Mr. President, and I believe that we can effectively counteract it through the enactment of the measure I am proposing today. During the 2d session of the 92d Congress, Senator GURNEY and I both introduced amendments to H.R. 1, the "Social Security Amendments of 1972," which were subsequently incorporated in substance in the Senate-passed version of the bill, directed at providing adequate health insurance to people 60 through 64. Senator GURNEY'S amendment provided that if one spouse was over 65 and enrolled in medicare, the other spouse, if at least 60 years old, could enroll in the program and receive equivalent benefits at cost. In discussing the benefits afforded by his amendment, Senator GURNEY and I agreed that, at still no cost to the American taxpayer, these benefits could be made available to an even broader range of older Americans—those already receiving social security or railroad retirement benefits.

Consequently, I offered an amendment to H.R. 1, which was cosponsored by Senator GURNEY, to include, in addition to those covered by the Gurney amendment: First, social security old-age beneficiaries 62 years old and over; second, a divorced mother or widow if she is caring for a child under 18 who is receiving payments based on the worker's record; third, a wife 60 or older or widow 60 or older; fourth, a dependent husband 60 or over, or a widower who has attained age 60; or fifth, dependent parents of a deceased worker.

At the time my amendment was offered, disability retirees, unless they had reached age 65, were not covered by medicare; however, since that time medicare coverage has been extended to individuals retired on social security disability, regardless of age, as the result of H.R. 1, as I stated previously. However, these individuals are required to wait a period of 2 years before establishing eligibility for medicare. Under the amendment I am offering today, in order to cover these individuals during these 2 years, retirees on social security disability will be allowed to buy into medicare. Both amendments offered by Senator GURNEY and myself were adopted in committee by the Senate Finance Committee and retained in the Senate passed

version of H.R. 1. The Senate Finance Committee report on H.R. 1 (S. Rept. No. 92-1230, p. 68) stated:

**MEDICARE COVERAGE FOR SPOUSES AND SOCIAL SECURITY BENEFICIARIES UNDER AGE 65**

**PRESENT LAW**

Under present law, persons aged 65 and over who are insured or are deemed to be insured for cash benefits under the Social Security or Railroad Retirement programs are entitled to hospital insurance (part A). Essentially all persons aged 65 and over are eligible to enroll for medical insurance (part B) without regard to insured status. The House bill includes a provision that would permit persons aged 65 and over who are not insured or deemed insured for cash benefits to enroll in part A, at a premium rate equal to the full cost of their hospital insurance protection (\$33 a month through June 1974).

**PROBLEM**

Many additional Social Security cash beneficiaries find it difficult to obtain adequate private health insurance at a rate of which they can afford. This is particularly true if they are of an advanced age, say, age 60-64. Frequently, these older beneficiaries—retired workers, widows, mothers, dependents, parents for example—have been dependent upon their own group coverage or that of a related worker, who is now deceased, for health insurance protection. It is a difficult task for such older persons to find comparable protection when they no longer are connected to the labor force finance committee amendment:

The provision makes medicare protection available at cost to spouses aged 60-64 (such as a beneficiary who elects early retirement at age 62) entitled to benefits under the Social Security or Railroad Retirement acts.

Though the Senate Finance Committee clearly recognized the need for this extension of medicare coverage, and recognized that it would provide important health insurance benefits at no cost to the Government, this provision was deleted from the bill by the Conference Committee, and not included in the final version of the Social Security Amendments of 1972 as signed by the President.

I have been advised by the Finance Committee that the major factor in its deletion was simply the lack of opportunity, given the time constraints under which we were all operating in the concluding day of the last Congress, for the House to thoroughly evaluate this Senate provision.

Given the Finance Committee's positive response to this provision last year, and the continued need of well over 3 million people, I am offering today a measure which incorporates the basic provisions as contained in the Senate bill last year.

The "buy in" procedure I propose today is similar to that allowing States to buy into medicare on behalf of their retired public employees 65 years or older. This extension of medicare coverage was included in Public Law 92-603. In light of this expansion of the medicare program, I believe it is only fitting that we concern ourselves, too, with the health care needs of the individuals who would be covered by amendment No. 644.

Mr. President, my proposal would allow these individuals, at an estimated cost of approximately \$33 per month in the first year of operation and perhaps

as low as \$22 per month thereafter—to enroll in part A of medicare-hospital insurance benefits—anytime they are or become eligible during a 90-day period following receipt of notice of eligibility from the social security commissioner. Because the enrollment period is limited to a specific number of days—a reasonable period of 90 days after the recipient receives notice of eligibility—the opportunity for adverse selection of coverage is very much reduced, thereby promising to keep premiums charges to the absolute minimum.

Our amendment would allow these same eligible individuals to enroll in part B of medicare-medical insurance benefits within the same 90-day period. The premium for part B coverage would be 200 percent of the regular part B premium—one half of which the government presently underwrites for medicare beneficiaries—which is presently \$6.30, as the result of the H.R. 1 increase last July 1. Individuals may opt out of either part A or part B at anytime, but automatically cease to be eligible for part B if they drop or lose eligibility for part A. All of these beneficiaries of course, would be eligible for the regular medicare program when they reached age 65.

Mr. President, adequate health care coverage is a matter of the greatest concern to Americans reaching retirement age. This legislation addresses that concern and provides a mechanism for a substantial number of particularly hard-pressed older Americans to take full advantage of the benefits under the medicare program.

**AMENDMENT NO. 644**

Mr. DOMENICI. Mr. President, I would like to say a few words in support for amendment No. 644 to H.R. 3153, the social security measure we are debating today. This amendment was originally a bill, S. 919, which I cosponsored very early this year as the new Senator from New Mexico.

I felt at the time I cosponsored this legislation that it represented an acknowledgment of the need for all our elderly citizens to obtain adequate health care at a reasonable cost. Today many older persons are unable to buy health insurance, primarily because of their age and I feel this legislation goes a long way to help alleviate that painful situation.

Amendment No. 644 affects some 3 million persons between the ages of 60 and 65 who are members of retirement families to purchase badly needed medicare coverage. These people are either the widows or widowers of social security retirees, or the spouses of persons retired under social security.

Many of these individuals live on limited retirement income and, as retirees, are more vulnerable than most people to economic hardship resulting from serious illness. The most reasonable solution to their problem is to bring them under the umbrella of medicare. The additional cost to the program should be minimal inasmuch as these people would buy this insurance at cost which has been estimated to be \$31 per month. This cost would assure a spouse or survivor of the exact same hospital

and physician cost insurance as anyone else covered by medicare.

Once these people reach age 65, regular medicare, with its higher Federal contribution will automatically come into effect and the cost will drop to approximately \$5.80 per month.

The spouses to be eligible must have a mate over 65 already enrolled in the medicare program and must herself be at least 60 years of age. Widows or widowers would simply have to have social security eligibility in order to qualify for the right to purchase benefits.

In short then, this measure would assure adequate medical coverage to many other needy individuals at little cost to the taxpayers. With these facts in mind, I urge my colleagues' support for this amendment today.

Mr. CRANSTON'S amendment No. 645 is as follows:

At the end of the bill, add the following new section:

TO EXTEND TO CERTAIN RECIPIENTS OF ANNUITY OR PENSION UNDER THE RAILROAD RETIREMENT ACT THE TREATMENT ACCORDED TO CERTAIN SOCIAL SECURITY RECIPIENTS UNDER SECTION 249E OF THE SOCIAL SECURITY AMENDMENTS OF 1972, AS AMENDED

SEC. . Section 249E of the Social Security Amendments of 1972, as amended, is amended—

(1) by inserting ", or was a recipient of a monthly payment of annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935," after "was entitled to monthly insurance benefits under title II of such Act"; and

(2) by inserting ", or (in the case of a recipient of such a monthly payment of annuity or pension) the increase in such payment," after "increase in monthly insurance benefits under title II of such Act".

AMENDMENT NO. 646—PROHIBITION AGAINST LOSS OF MEDICAID ELIGIBILITY AS THE RESULT OF THE 20-PERCENT INCREASE IN RAILROAD RETIREMENT BENEFITS

Mr. CRANSTON. Mr. President, I am pleased that the distinguished chairman of the Subcommittee on Railroad Retirement, Mr. HATHAWAY and Mr. SCHWEIKER are joining me as cosponsors of amendment No. 645. I would like to take a moment to point out what I believe to be a typographical error in the Finance Committee summary. It states that my amendment will cost \$20 million. I think that should read \$2 million. The amendment is identical to S. 505, a bill which I introduced on January 23 of this year. It is designed to amend section 249E of Public Law 92-603 (H.R. 1), to include recipients of railroad retirement benefits—in the same way as is presently the case for social security recipients—in the requirement which mandates the States to deem eligible for medicaid those public assistance recipients also receiving social security who would have lost eligibility because the 20-percent social security increase would have raised their income above the maximum allowable.

We all remember the somewhat chaotic circumstances under which we operated in the concluding days of the last Congress when H.R. 1 was being considered. In the concern for the larger issues reflected in the consideration of the Social Security Amendments of 1972, it seems understandable that there were several unfortunate oversights contained in the

final version of H.R. 1 as signed by the President. Having served as chairman of the Subcommittee on Railroad Retirement in the 91st and 92d Congress, I am pleased to offer this amendment today—really in the nature of a technical amendment—to correct one such oversight which adversely affects railroad retirees. I have been advised by the Finance Committee that had the issue been raised, railroad retirees would have been included in the provision of section 249E of H.R. 1. In recent years benefit increases in social security and railroad retirement have been linked with a comparable railroad retirement increase following closely behind each social security increase.

The 20-percent increase in railroad retirement benefits contained in Public Law 92-460, enacted on October 4, 1972, was necessary and desirable in order to keep pace with the 20-percent increase in social security benefits contained in Public Law 92-336. Simple equity requires that we provide railroad retirement annuitants with similar protection against the inadvertent loss of medicaid coverage which we provided in H.R. 1 for social security recipients. Section 249E provides that no social security recipient who is also a recipient of aid to the aged, blind, or disabled, shall lose his or her medicaid coverage because of the 20-percent increase in social security benefits. In the Senate Finance Committee report on H.R. 1 (No. 92-1230) the committee stated:

As a result of this increase an estimated 190,000 aged, blind, and disabled persons will lose their eligibility for cash assistance and will be moved off the cash assistance rolls.

Concurrent with the loss of public assistance entitlements is frequently a loss of eligibility for medical benefits. The railroad retirement board estimates that there are approximately 30,000 railroad retirees—in addition to the 190,000 social security beneficiaries—who have been moved off the cash assistance rolls as the result of the 20-percent increase in their annuities. The unfortunate side effect is the loss of medicaid coverage. The Railroad Retirement system is a vital income maintenance program for the over 984,000 current beneficiaries and 611,000 active railroad men and women who are now contributing to the system and are relying on its stability at the time they qualify for benefits. In my own State of California, there are some 75,000 railroad pensioners and approximately 40,000 active railroad employees.

In my capacity as ranking majority member of the Subcommittee on Aging, I have been greatly concerned about the plight of our retired citizens who have already contributed their productive lives to the economic strength of this Nation and who should be entitled to live with dignity and a reasonable assurance of an adequate retirement income in their later years.

During the 92d Congress, we were able to enact measures—the 20 percent railroad retirement increase over a Presidential veto—reflecting a very real responsiveness by Congress to the very real

needs of hundreds of thousands of elderly Americans. I am pleased that we will be equally responsive to the inequities that resulted in the oversight I have described today and that now—almost a year after enactment of the 20 percent railroad retirement increase—we have in the Senate approved extension of protection against loss of medicaid eligibility to Railroad Retirement Act recipients.

Mr. President. In closing, I ask unanimous consent that a letter I received from the Honorable WRIGHT PATMAN, a very distinguished Member of the House of Representatives be inserted in the Record at the conclusion of my remarks, followed by the text of amendment No. 645.

In his letter, Mr. PATMAN asserts his strong conviction that there is a need for a remedial measure to correct the discrimination against railroad retirees and pledges his support for S. 505, the predecessor of the amendment which has been accepted today.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSE OF REPRESENTATIVES,  
Washington, D.C., September 6, 1973.  
Hon. ALAN CRANSTON,  
Senate Office Building,  
Washington, D.C.

DEAR Mr. CRANSTON: It recently came to my attention that railroad retirees have been somewhat discriminated against as a result of Section 249E of the social security amendments of 1972 which disregards last year's social security increase for Medicaid entitlement purposes, without according similar treatment to the increase in railroad retirement benefits.

Needless to say, I was pleased to note that you have introduced legislation, S. 505, which would correct that inequity and I wanted to let you know of my strong support for your bill and of my desire to be of assistance to you in your efforts. Please let me know if you feel that I can be helpful in any way.

With kindest regards and best wishes, I am

Sincerely yours,

WRIGHT PATMAN.

Mr. BIDEN's amendment (No. 731) is as follows:

At the end of the bill, insert the following:

SEC. 6. (a) Section 1861(e) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following: "The term 'hospital' also includes an immediate care facility (as defined in subsection (aa)), but only with respect to immediate care facility services (as defined in subsection (bb)), and payment under this title with respect to such services provided by such a facility shall be made subject to the same terms and conditions as those applicable with respect to the payment under this title for similar services provided by an institution which meets the requirements specified in clauses (1) through (9) of the first sentence of this subsection."

(b) Section 1861 of such Act is amended by adding at the end thereof the following new subsections:

"Immediate Care Facility

"(aa) The term 'immediate care facility' means a public or nonprofit private institution which—

"(1) is primarily engaged in providing, by or under the supervision of physicians, to outpatients immediate care services for the diagnosis, treatment, and care, of injured, disabled, or sick persons;

"(2) maintains clinical records on all patients;

"(3) provides twenty-four-hour nursing services with a licensed practical nurse or a registered professional nurse on duty at all times;

"(4) has a physician in attendance at all times;

"(5) in the case of an institution in any State in which the State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for licensing of such institutions, as meeting the standards established for such licensing;

"(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under section 1868, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours) after such patient is admitted to such institution;

"(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution for services, be discharged or transferred to a hospital;

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z); and

"(9) meets such other requirements as the Secretary finds necessary in the interest of the health and safety of the individuals who are furnished services in the institution.

"Immediate Care Facility Services

"(bb) The term 'immediate care facility services' means services, furnished to an individual by an immediate care facility, which—

"(1) are of a type which such facility is authorized to provide, and

"(2) are for a medical condition requiring immediate medical attention."

(c) The amendments made by subsections (a) and (b) shall be effective in the case of services furnished on and after the first day of the first calendar month which commences more than thirty days after the date of enactment of this Act.

SEC. 7. (a) Section 1905(a) of the Social Security Act is amended by adding after clause (17) thereof the following new clause:

"(18) immediate care facility services (as defined in section 1861(bb) which are furnished in an immediate care facility (as defined in section 1861(aa));"

(b) Section 1902 (a) (13) of such Act is amended—

(a) (13) of such Act is amended—

(1) in subparagraph (B) thereof, by inserting "clause (18) and" immediately after "care and services listed in",

(2) in subparagraph (C) (1) thereof, by inserting "clause (18) and" immediately after "care and services listed in", and

(3) in subparagraph (C) (11) thereof, by inserting "clause (18) and" immediately after "care and services listed in".

(c) The amendments made by this section shall become effective January 1, 1974.

AMENDMENT NO. 731

Mr. BIDEN. Mr. President, I submitted amendment No. 731 to H.R. 3153, which has been adopted by the Senate. I ask unanimous consent that my colleague, the Senator from Delaware (Mr. ROTH), be added as a cosponsor to my amendment.

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

Mr. TAFT's amendment (No. 739) is as follows:

At the proper place in the bill, insert the following new section:

**COVERAGE UNDER MEDICARE FOR THE DISABLED SPOUSE OF AN INDIVIDUAL WHO IS COVERED UNDER MEDICARE BY REASON OF DISABILITY**

Sec. . . (a) Section 223(b) of the Social Security Act is amended by adding at the end thereof the following new sentences: "If, for any month, an individual is entitled (or was entitled for the month preceding the month in which he attained age 65), by reason of the preceding provisions of this subsection, to hospital insurance benefits under part A of title XVIII, then the spouse of such individual shall also be entitled to such benefits for such month if (A) for such month such spouse is not otherwise entitled to such benefits, (B) such spouse is under a disability (as that term is employed in section 223(d) when applied in the case of a widow, surviving divorced wife, or widower), and (C) such spouse is wholly dependent upon such individual for such spouse's support. As used in the preceding sentence, the term 'spouse', when used in reference to any individual, means the husband or wife of such individual, as those terms are employed in title II. Any individual who, by reason of the two preceding sentences is entitled to hospital insurance benefits under part A of title XVIII, shall, for purposes of such title, be treated as an individual who is entitled to such benefits by reason of the first sentence of this subsection."

(b) The amendment made by subsection (a) shall be effective upon enactment of this Act, except that no individual shall become entitled to hospital insurance benefits under part A of title XVIII of the Social Security Act by reason of such amendment for any month prior to the month which follows the month in which this Act is enacted.

**AMENDMENT NO. 739**

Mr. TAFT. Mr. President, I would like to call up an amendment which should be noncontroversial, but which will provide needed assistance for many individuals.

This amendment would add a section to H.R. 3153, the pending social security bill, which grants medicare eligibility to totally dependent and disabled spouses of disabled medicare recipients. While it is true that the situation covered by the amendment is rather uncommon because both husband and wife would have to be disabled, the predicament is one of the toughest imaginable and those involved are unquestionably in need of Government assistance. The Government should certainly be willing to grant "Part A Medicare" eligibility to such people, who are likely to have high medical bills as a result of their disabilities and who must depend totally upon a spouse with the same problems and a limited earning capacity.

Because of the limited number of persons to which the amendment would apply, its cost would be relatively small. HEW estimates a \$25-\$100 million cost, which would be offset to the extent that such people are covered by medicaid. Yet I know of at least one constituent family, in Cincinnati, which is in desperate need of the assistance on this very day. The wife will soon be forced to enter a hospital because of a very serious illness and without this amendment the family may not be able to pay for adequate medical care.

Mr. Cranston's amendment (No. 747) is as follows:

At the end of part C of title I of the bill, insert the following new sections:

**"EXCLUSION FROM RESOURCES OF INDIVIDUAL'S HOME**

"Sec. . . Section 1613(a)(1) of the Social Security Act is amended by inserting '(after taking into account the values of other homes in the region and area in which such home is located)' after 'determines'.

**"DETERMINATION OF INCOME IN CASE OF INDIVIDUAL LIVING IN HOME OF ANOTHER PERSON**

"Sec. . . Section 1612(a)(2)(A) of the Social Security Act is amended by striking out 'shall be reduced by 33 1/3 percent in lieu of including such support and maintenance in the unearned income of such individual (and such spouse) as otherwise required by this subparagraph' and inserting in lieu thereof the following: 'shall, in lieu of including such support and maintenance in the unearned income of such individual (and such spouse) as otherwise required by this subparagraph, be reduced by an amount equal to 33 1/3 percent (except that the amount of any reduction under this subparagraph with respect to any such individual (and spouse) shall be reduced, but not by more than 100 percent, by the amount, if any, actually paid by such individual (and spouse) to such person for the support and maintenance received in kind from such person)'.

**"VALUE OF RESOURCES TO BE REDUCED BY ENCUMBRANCES THEREON**

"Sec. . . The last sentence of section 1613(a) of the Social Security Act is amended (1) by inserting '(1)' immediately after 'individual (or eligible spouse)', and (2) by inserting immediately before the period at the end thereof the following: ', and (2) the value of any resource which has an encumbrance thereon shall be deemed to be the value of such resource as reduced by such encumbrance'.

**"EXCLUSION FROM INCOME OF CERTAIN EDUCATION EXPENSES PAID FOR BY GRANTS, FELLOWSHIPS, OR SCHOLARSHIPS**

"Sec. . . Section 1612(b)(7) of the Social Security Act is amended by inserting, immediately before the period at the end thereof, the following: ', for use in paying for books, supplies, and services needed in connection with attendance at such institution, or for use to defray other expenses reasonably attributable to attendance at such institution (but including, in the case of living expenses, only so much thereof as is in excess of the living expenses which would have been incurred by or with respect to such individual if he had not been attending such institution)'.

At the end of part D of title I of the bill, insert the following new section:

**"HEARINGS FOR RECIPIENTS OR CLAIMANTS**

"Sec. . . Section 802(a) of the Social Security Act is amended (1) by striking out the period at the end of clause (12) thereof and inserting in lieu of such period '; and', and (2) by inserting after such clause (12) the following new clause:

"(13) provide that the State agency will provide an opportunity for a fair hearing, before such agency, to any individual requesting a hearing because his claim for services is denied, or is not acted upon with reasonable promptness, or because he is aggrieved by any other agency action by which he is affected and which relates to the receipt, suspension, reduction, or termination of such services.'"

**AMENDMENT NO. 747**

Mr. CRANSTON. Mr. President, this amendment, amendment No. 747—seeks to clarify certain provisions of Public Law 92-603—H.R. 1 in the last Congress. This clarification is made neces-

sary by the apparent misinterpretation of congressional intent reflected in the October 3 proposed HEW regulations—20 CFR part 416—implementating the income and resources provisions regarding eligibility for the new supplemental security income—SSI—program for adult public assistance recipients scheduled to go into effect on January 1, 1974.

**EXCLUSION OF THE HOME FROM RESOURCE**

Mr. President, the first part of my amendment relates to section 1613(a)(1) of the Social Security Act, as amended by Public Law 92-603. That section provides that in determining the resources of an individual, the Secretary shall exclude the reasonable value of the home of an individual SSI recipient. In this regard the Finance Committee report on H.R. 1, (S. Rept. No. 92-1230, p. 77), states:

Eligibility for supplemental security income would be open to an aged, blind or disabled individual if his resources were less than \$2,500. In determining the amount of his resources, the value of the home, household goods, personal effects, including an automobile, and property needed for self-support would, if found to be reasonable, would be excluded. . . . (Italics mine.)

In the proposed October 3 HEW regulations implementing this provision HEW has chosen a very narrow—and I believe terribly inequitable—course that contravenes this clear statement of congressional intent that a home of reasonable value should be permitted. HEW proposes to establish an absolute limit of \$25,000—\$35,000 for Alaska and Hawaii—on the market value of the home that an SSI recipient can own. HEW recognizes, in part, the different evaluations of different areas of the country by setting a higher maximum for Alaska and Hawaii, but fails to carry this recognition to its logical conclusion.

Indeed, there is a greater variation between the value of some sort of standard house in, say San Francisco, as compared to one in Livingston, Calif.—a rural area of the Central California Valley—than the difference between San Francisco and, for example, Nome, Alaska. While the proposed regulation takes into account the San Francisco-Nome difference, it fails to recognize the San Francisco-Livingston difference—or the San Francisco-rural Mississippi difference. The regulation also fails to recognize that, particularly in the case of an elderly SSI recipient, a home now having a market value of \$26,000 may well have been purchased 10 or 20 years ago for less than half that amount. HEW would penalize SSI recipients for an inflated economy beyond their control.

This provision of my amendment would direct that the Secretary take into account obvious differences in market values between States and within States. No reasonable public policy is served by the Government forcing a retired couple to move from a \$26,000 house in one area to a \$19,000 house 20 miles away. Additionally, HEW, through a flat, \$25,000 maximum, encourages SSI recipients to locate in a particular area. For example, a modest \$26,000 home in San Gabriel,

Calif., would prohibit SSI eligibility under HEW's present regulations. But, if a couple sold that house, took the few thousand dollars received as a down-payment and purchased a new home—of considerably better quality—for \$24,000 in Jackson, Miss., then they would be eligible.

Well, Mr. President, that makes no sense to me. What HEW is saying here is "Not only must you be poor—but you must appear to be poor. You must be as absolutely uncomfortable as we can make you." That, Mr. President, was not the purpose of the construction of the SSI program. SSI is based, I believe, on the clear recognition that aged, blind, and disabled individuals are unable to work because of factors beyond their control, and that a federally guaranteed minimum standard of living is available to them.

I believe that this provision of my amendment will ensure that reasonable area and regional variations of a home's value will be taken into consideration in the implementation of SSI.

#### ONE-THIRD REDUCTION IN SSI

The second part of my amendment, Mr. President, relates to section 1612(a)(2)(A) of the Social Security Act Amendments of 1972. That section provides that when an SSI recipient is living in another person's household and receiving room and board in-kind, rather than attempting to make an evaluation of the dollar value of the in-kind benefit, the SSI grant will just simply be reduced by a flat, one-third. HEW has proposed a regulation which states that:

Such one-third reduction will apply regardless of whether the individual . . . is making any payments, for support and maintenance (room and board) to the person in whose household he is living." (Italics added.)

In other words, Mr. President, if an elderly gentleman decides to live with a receptive family because he does not want to live out the rest of his life in the loneliness of some downtown pensioner's hotel and, in a fully "arm's length" transaction pays, for example, \$90 per month for room and board—if it can be found that inexpensively—he will have his grant automatically reduced from \$130 to \$87. Perhaps this individual has responded to a room rental ad in the newspaper, which will enable him to live in a residential neighborhood, relatively free from the constant fears of those who prey on the elderly in downtown areas. HEW would say, "We do not care whether this is a regular rental agreement; if you live in a household, your grant is reduced by one-third."

I do not believe that the intent of this section of the Social Security Act amendments was to mandate arbitrary and flat grant reductions in order to make life easier for program administrators. The proposed HEW regulation is contrary to the statute, since section 1612(a)(2)(A) permits the one-third reduction only when the individual is "receiving support and maintenance in-kind." People who pay their own way are not receiving anything in-kind.

This provision of my amendment provides for an offset in that one-third re-

duction by the amount paid for room and board, up to the full one-third, or \$43. So, if an individual was paying \$43 a month or more in room and board, that person's SSI grant would not be reduced at all. Conversely, if an individual's room and board was \$33 a month, his or her SSI grant would be reduced by \$10. I believe the modification I propose will retain the essential thrust of this section of Public Law 92-603, while preventing unjust inflexibility by HEW.

#### REAL VALUE OF RESOURCES

The next part of my amendment pertains to section 1613(c) of the Social Security Act relating to the evaluation of resources. In the October 5 proposed HEW regulations every single item of property that an SSI recipient has would be evaluated for its market value—from the home and furniture, to clothing, sheets, blankets, knives and forks, musical instruments, and so forth. While I think that this may prove to be far more expensive in terms of administrative costs than the money saved because of the number of people who will be denied aid because of their limited property, I am willing to see how it works out in practice.

However, what is clearly—even now—unsound, is HEW's proposal that, in determining whether SSI applicant's property exceeds the \$1,500 maximum for the entirety of their belongings—certainly not, by any standard, an excessive accumulation of goods—no consideration will be given to unpaid loan balances or other encumbrances on these belongings.

As a practical matter, this proves to be another counterproductive attempt to mandate the "appearance of poverty." For example, let us assume an elderly woman has a wedding ring, some furniture, maybe a television set, and some clothing equal to \$1,475. The month before she applies for the supplemental security income program, she buys a new stove for \$350—\$25 down and \$25 per month. Now it is fair to say that within a few days she can sell it for no more than \$275—given the very rapid initial devaluation that occurs on such items. Under the proposed HEW regulations she would have to sell the stove in order to gain SSI eligibility, so that her resources would not exceed \$1,500. But she would have to pay the finance company all of the \$275 she gained from the sale plus another \$50—and have no stove.

The theory behind the HEW regulations is that if an aged, blind, or disabled individual has alternative resources to SSI—those resources should be utilized before governmental support becomes available. I have no argument with that purpose. Federal revenues are not limitless—and assistance should be reserved for those most in need. But HEW's October 3 proposed regulations and the resultant situation which I just described would provide no alternative income. The elderly woman forced to sell her stove to gain SSI eligibility is left with no stove and a \$50 debt. That saves the Government absolutely nothing.

The principle of drawing down on alternative resources before seeking assist-

ance from the taxpayers is a sound one. But, the only resource that a person has when he or she has a loan on a television set or refrigerator or stove, or home is the equity in that item—that is, the unencumbered fair market value of the property—whether real or personal.

The equity valve in the only true alternative means of support; that is, what the "means test" is all about. There is no value, no means, represented in the encumbered portion. Thus, under my amendment, the elderly woman I spoke of earlier would still be eligible for S.S.I. Because her stove would be valued at \$25 to her for purposes of totaling the true value of her property resources.

This provision of my amendment would require the Secretary, in determining the value of any resource, to subtract the amount of any incumbrance thereon.

#### EDUCATION SCHOLARSHIPS AND GRANTS

Mr. President, the fourth provision of my amendment No. 747 relates to section 1612(b)(7) of the Social Security Act, which presently provides an income exclusion for grants or scholarships received by an S.S.I. recipient in the determination of his or her grant. Indeed, there are many young blind or severely disabled students who are attending college, and who seek, through education, to overcome their handicap and to help themselves become taxpaying, productive members of society.

At the University of California at Berkeley, many of these students have organized themselves into a tremendously effective group called the Center for Independent Living.

HEW's October 3 regulations, as prescribed in the law, limit the exclusion of scholarship or grant funds in determining an S.S.I. grant to only the amount which is used to pay tuition or fees. Money provided in the scholarship for books and supplies, special assistance—such as readers for blind students, school transportation costs, and the often increased basic housing cost—would be considered as available for expenditure for basic subsistence under the proposed regulations. The entire amount provided in excess of tuition and fee costs would thus be used to reduce the grant. These special costs, however, will nevertheless be incurred specially by the S.S.I. recipient as a student. The result will be that the blind or disabled student who is not persuaded to quit school because of the limited exclusion now permitted, will have to live on less—possibly considerably less—than other S.S.I. recipients merely because he or she is seeking to improve potential abilities and self-sufficiency. That is clearly counterproductive, Mr. President.

This fourth provision of my amendment, therefore, provides that, in addition to tuition and fees, books, supplies, and such other expenses reasonably attributable to educational costs which were not part of the recipient's prior ordinary living expenses will be excluded from the determination of that individual's income, for purposes of determining that individual's S.S.I. grant amount.

Mr. President, I believe that represents a far more reasonable approach. It would

allow HEW to take into account regular subsistence costs, which might be included in a grant or scholarship, but preclude taking into account funds for special expenses which are reasonably part of the cost of education.

## PUBLIC HEARINGS

Finally, Mr. President, my amendment corrects an oversight—really, I believe, of a technical nature—in Public Law 92-603. When the new title VI of the Social Security Act was created to provide for service programs for the aged, blind, and disabled, there was no provision for a public hearing for the settlement of disputes which might arise regarding eligibility for these services. My amendment provides for such a hearing.

Mr. President, although aged, blind, and disabled assistance programs were federalized with the enactment of Public Law 92-603, the services programs—such as homemaker and chore services—will still be run by the States. There is no provision for a system of administrative hearings to resolve individual disputes over eligibility or levels of services.

For example, it is through title VI that homemaker and chore services are provided for those severely disabled poor who, in the absence of someone to bathe them, or cook for them, or perhaps perform minor household services, would have to be institutionalized. By continuing to provide for administrative hearings—hearings which are presently required in existing State laws for disputes over such services—we assure prompt and economical resolution of these differences. It should be recognized that the only other alternative for such aggrieved persons would be to file suit in State courts. Our overburdened State court systems simply do not need additional work. Such an administrative remedy is required by the Social Security Act in determining AFDC and medicaid eligibility.

Mr. President, I believe this amendment merely clarifies and improves upon the committee's original intent. There are several other areas of concern to me arising from the proposed October 3 HEW regulations, but I believe those with which my amendment deals are the most harmful. I would, however, like to bring the other issues to the attention of my colleagues and ask unanimous consent that several letters detailing these issues be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF SENIOR  
CITIZENS, INC.,

Washington, D.C., November 6, 1973.

Hon. ALAN CRANSTON,  
Old Senate Office Building,  
Washington, D.C.

DEAR SENATOR CRANSTON: I welcome this opportunity to register for the National Council of Senior Citizens our support for the amendments which you will propose to rectify inequities in certain of the regulations prepared by HEW on October 3, 1973, and covering the income and resources of Supplementary Security Income applicants.

We are particularly concerned about Regulation 416.1212—Exclusion of Home—Subpart 2—Resources and Exclusions—which ex-

cludes the value of a house to the extent its current fair market value does not exceed \$25,000. In large metropolitan areas \$25,000 would no longer purchase a modest house, while in smaller communities or rural areas, this \$25,000 limit might be quite reasonable.

We support, therefore, your proposal that first the Secretary shall be required to take into account regional or intra-regional variations in the value of a home.

We support, further, your proposal that would permit an SSI recipient to contest the fair market value set by the formula contained in the regulation.

Regulation 416.1125—Unearned Income; support and maintenance—imposes a rigid and automatic one-third reduction in the SSI payment standard when an elderly individual may choose to live in a household and pay room and board. The legislation provided only for such a deduction in instances where the individual is being assisted by a contribution in-kind of room and board.

We support the amendment which would eliminate such a deduction when the individual reports that he is paying to the host household an amount which fairly represents the value of the room and board he is receiving. The proposed HEW regulation would completely discourage elderly persons from living in private households instead of a commercial boarding house where such a deduction is not applied.

We support also the proposal that account be taken of the individual's encumbrances in declaring how much his resources exceed the limit of \$1500. Were an individual to purchase a hearing aid or prosthetic appliance—purchase of which is not allowed by medicare—and made this purchase on time, with a \$50.00 down payment on a hearing aid costing about \$300.00—presumably this \$300.00 hearing aid would be considered a resource chargeable to the \$1500 limit. This makes no sense, since first, the aid is essential to his well-being and capacity for independent functioning, while, secondly, if he were eligible for medicaid, the hearing aid might well have been provided under this program and so considered an essential health item rather than a resource to be charged against the \$1500 limit.

We support also the amendment that the State Agency will provide an opportunity for a fair hearing before such agency to any individual requesting a hearing because his claim for services is denied, or is not acted upon with reasonable promptness, or because he is aggrieved by any other agency action affecting receipt, suspension, reduction, or termination of such services.

Title VI of the Social Security Act does not provide for such a fair hearing process. We consider this a serious oversight.

We are deeply concerned about the restrictive Regulations on Social Services that have been issued by HEW and the proposal of the Senate Finance Committee to throw Social Services into the quicksands of Revenue Sharing. With these negative attitudes towards the Social Services, there is no doubt in our mind that we need the protections around the right to Social Services that would be assured by this amendment.

Sincerely,

WILLIAM R. HUTTON,  
Executive Director.

AMERICAN ASSOCIATION OF RETIRED  
PERSONS, NATIONAL RETIRED  
TEACHERS ASSOCIATION,  
Washington, D.C., November 2, 1973.

COMMISSIONER OF SOCIAL SECURITY,  
Department of Health, Education, and Wel-  
fare, Washington, D.C.

DEAR COMMISSIONER: On behalf of the American Association of Retired Persons and the National Retired Teachers Association with a combined membership of over 5.8 mil-

lion older Americans, I submit the following comments concerning the income and resource regulations for the Supplemental Security Income program which were proposed in the Federal Register, Volume 38, Number 191, October 3, 1973.

The intent of Congress in enacting the Supplemental Security Income program was to minimize some of the more distasteful features of current welfare programs for the aged, blind and disabled. However, examination of the legislation and the proposed regulations indicates that some of the administrative problems of present programs are likely to continue. As Paper Number 10 issued by the Subcommittee on Fiscal Policy of the Joint Economic Committee points out, "Informational material about the SSI program emphasizes that there is a basic difference in approach between the SSI program and traditional welfare programs. A contrast is made between the welfare concept of determining individual need and the SSI concept of comparing income to basic benefit levels. . . . The difference between SSI and OAA is more methodological than conceptual. Whether shelter costs are considered as paid, or imputed income from free or nominal shelter costs is deducted from a standard payment level, the results are similar."

Thus, we are faced with a situation where everyone's intentions were noble, but their deeds fell short of their expectations. The Social Security Administration cannot be castigated for promulgating regulations which conform to the letter of the law, even if the effect of these regulations would be to pervert the spirit of the program.

Our Associations are constrained to preface our remarks concerning the proposed income and resources regulations for the Supplemental Security Income (SSI) program with two assertions:

1. Efforts to amend Title XVI to establish a truly minimum floor of income for the aged, blind and disabled at a level which will allow for dignity and independence must continue; and

2. The importance of the new federalized program overrides reservations concerning its initial mandate; and, therefore, every effort must be made to initiate the program on its statutory starting date of January 1, 1974.

We recognize that a great deal of time and effort was expended to develop regulations which (1) conformed to the law, (2) established equity and (3) provided substantial parity with other federal human resource programs. The painstaking effort of the Bureau of Supplemental Security Income staff to write regulations which meet these criteria must be commended. However, there are several proposed rules which might be broadened to increase equity without violating the principles of the law or the relationship to other programs.

In particular, Section 1612(a)(2)(A) of the Social Security Act of 1972 (P.L. 92-603) does not appear to mandate the regulation as proposed in § 416.1125(d) to reduce payment under the program regardless of whether the individual is making any payment for support and maintenance to the person in whose household he is living. State practices under the current program are somewhat comparable but are more likely to take into consideration the actual financial arrangements of the recipient. Some states have a low payment standard, but not as much as one-third lower, when there are other persons in the home; or, when needs are itemized, the recipient's payment includes his share of the cost of common household expenses if he is expected to contribute toward household maintenance. Reference is made to the one-third reduction in both the House and Senate Reports, and both appear to include the concept offered in § 416.1125(d); however, we fear that for the 20 percent of Old Age Assistance recipients who live in another



person's household this provision will be a step away from dignity and independence and not a step toward a true federal minimum income floor. Reducing incomes for those who are contributing to their own support and maintenance within a household for those who pay for their support and maintenance outside another person's household (subsection e). At stake in this provision is the same older American pride which made Old Age Assistance distasteful; the proudness which compels older persons to contribute their share. We urge that this section be reconsidered to provide for individual determination until such time as the basic authority can be amended. Although individualized determination is administratively difficult, and the optimum would be to reduce this process to the absolute minimum, other sections of the regulations require this individualized effort. Arbitrary rules to avoid the complexity of individualized determination fail to provide the human compassion and understanding which is necessary to maximize the choice of living arrangements available to SSI recipients.

Praise is extended for several difficult decisions which are incorporated in §416.1125 including the decision expressed in subsection (c) that the one-third reduction will apply only for months spent entirely in the household of another person and the standard as set in subsection (f) requiring that both support and maintenance must be furnished for such reduction to apply. Both of these decisions appear to work in the favor of the recipient, and our Associations hope that the practice of the Social Security Administration to interpret standards in the best interest of the recipient will continue in his new Title XVI program.

We believe §416.1132, §416.1134 and §416.1136 are subject to reconsideration. Although P.L. 92-603 required the accounting of prices and awards, proceeds of life insurance policies, gifts, support and alimony, and inheritances as unearned income, our Associations share several of the observations of the Subcommittee on Fiscal Policy that the regulations tend to restrict rather than liberalize the interpretation of the law. In particular, we do not see the rationale for different treatment of inheritances, prices or awards, and gifts. Noncash inherited property is considered a resource when received; non-cash prizes, awards and gifts are considered as income when received and resources again in the next quarter; prizes and awards are income whether or not convertible to cash. If strictly enforced, defining prizes, awards and gifts as income prevents recipients from improving their living conditions and might be a deterrent to friends, relatives and community groups from giving gifts to these persons on holidays. The Thanksgiving turkey basket for the needy is hardly income, nor do we see the festive decoration of a Christmas tree as income; however, the rules if applied would count both of these against recipients. We would favor the adoption of a general rule which treats all such irregular, one-time receipt of cash or in kind items as resources rather than income; however, in lieu of the statute requiring the accounting of these items as unearned income, we would favor clarification of noncash versus cash receipts of occasional income to exclude nonconvertible items.

Turning to Subpart L—Resources and Exclusions, we find it disturbing that the Congressional mandate was steeped in the rhetoric of the "pauper's oath," and equally upsetting that the regulations conforming to the law reflect the "welfare myth."

Our Associations are most concerned about the valuation of the home as established by §416.1212. It is our understanding that a number of approaches to establish the rea-

sonable value of a home were studied. Unfortunately, it appears as if the most stringent of these was adopted. The precedent of establishing a home valuation in the SSI program is most important because it is a new hindrance to helping older people. In the present Old Age Assistance Program, only about one-third of the states set a value limit on the home in which the recipient lives in determining the value of allowable resources. Eighteen states have provisions for recovery of assistance payments through liens on property or claims against the estate of deceased recipients but impose no home value limit; eight states set value limits on the home property and also have recovery provisions; and most importantly, 17 states have neither type of regulation in respect to home ownership. Judging from the fact that in 1970, 28 percent of Old Age Assistance recipients owned their home—23 percent without mortgage—we are speaking of a sizable population affected by the valuation provision.

A recent Bureau of Labor Statistics study points out that during the 20 years between 1952 and 1972, the cost of home ownership went up 91.7 percent. Reports indicate that houses in Levittown, New York—the original low-cost housing area—which cost \$6,900 in 1948 are now selling as high as \$40,000. In Miami, Florida, homes which cost \$16,400 in June 1966 cost \$42,100 in January 1973. Reports are similar in most all metropolitan communities. The National Association of Home Builders reports that in the decade 1960-1970, the total inventory of houses increased by 10.3 million (although 6.2 million units were lost to bulldozers, fire, and neglect) while during the same period there was a 38 percent increase in the formation of households. When these facts are taken into consideration, we are forced to ask how the figures in §416.1212(a) were calculated.

We strongly oppose the home valuation provision on four grounds: (1) a national value limit may represent a modest dwelling in one area but an imposing residence in another, (2) property values vary depending on market conditions, location, basis for evaluation and other judgemental decisions which themselves are subject to variations, and (3) arbitrary limits hurt those with home values marginally above the limit, and (4) arbitrary limits are static and unchanging in light of dynamic economic activities. Therefore, we strongly urge the Department to reconsider §416.1212 and to set the home valuation at that level which the recipient can maintain the home. Existing data shows that the necessary expenses of home ownership are directly related to some value. If the individual cannot maintain the home, then it is his decision that will change his living arrangement and not the forced disposition of excessive resources.

Should the optimum flexible interpretation of the valuation of the home be unacceptable, then we would urge the Department to at least establish a valuation procedure which is reflective of market conditions. Perhaps establishing a standard of 125 percent of the medium assessed valuation within a given geographic area (best identifiable as standard metropolitan areas) as an alternative to the flat fixed amount to be interpreted nationwide would be more reflective. This standard would at least recognize market variations and changing home values.

We are equally concerned with §416.1216 providing for exclusion of household goods and personal effects. Market value is hardly reflective of household goods and personal effects. For instance, how would you value the grandfather clock which was handmade two centuries ago and has been passed on from generation to generation? Wouldn't this priceless heirloom be above the established

limit if market value was used to calculate conversion to cash? Although the grandfather clock is an isolated example, most older persons have items in their homes which would have a higher cash value when determined by the market mechanism than if the value were to be set by the individual. Use of market value without considering encumbrances seems to reflect concern over the appearance of affluence rather than a realistic appraisal of excess resources which could be used for living expenses.

The complete regulation concerning the valuation of personal effects is subject to considerable variations in judgement and is likely to be applied only in situations brought to the attention of the Department. To administer such a provision would be costly, and, needless to say, of questionable benefit in relation to cost. We recommend amending §416.1216 to provide an oral declaration by the recipient that they do not have household goods and personal effects of unusual or exceptional value. Such a declaration, in light of all other prerequisites for aid under the SSI program, should be taken at face value and not contested.

The limitation on valuation of the automobile provided for in §416.1218(b) would receive the same harsh judgement as the two sections cited above if it were not for the clause "an automobile will be totally excluded if it is used for employment or for the individual's medical treatment of a specific or regular medical problem." Even with this provision, we are constrained to ask why a car value should be set at an arbitrary dollar amount? The dollar amount might be understandable if it were set at the retail market value of a Cadillac—because the provision in the law was only placed therein in response to the rhetoric concerning luxury cars—but, set at the present limit, there appears to be no rationale. Although this regulation is less restrictive than current regulations in most states, it still imposes a demeaning test upon recipients which is not necessary. An SSI level income would hardly permit one to continue payments on an expensive car, or even to meet the cost of keeping such a luxury car running and in good repair. Our Associations recommend redefining the limit at that level which an individual can continue to maintain the vehicle.

Finally, although §416.1230 appears to be the most liberal of the interpretations of the arbitrary standard prescribed in the law for exclusion of life insurance policies, we must voice objection to the provision and hope that Congress will recognize the folly of such arbitrary low limits.

With our above stated opposition to several of the standards for determining resources, it should be apparent that our Associations oppose forced disposition of resources. Unfortunately, we interpret these provisions as being aimed at making the poor poorer. We recognize that the law mandates disposition, and therefore we will appeal our case before the Congress.

In closing, Mr. Commissioner, I wish to express on behalf of my Associations and particularly my staff, our heartfelt appreciation for the fine cooperation which you and your staff have extended to help in the team effort to get the Supplemental Security Income program operational. Although we find fault with the legislation and we question a number of the specifics in the regulations, we are convinced that those individuals charged with the administration of the program are doing everything in their power to establish a true program with a design for dignity.

You may be assured of our continued cooperation and assistance.

Sincerely,

CYRIL F. BRICKFIELD,  
Legislative Counsel.

NATIONAL ASSOCIATION OF  
SOCIAL WORKERS,  
October 31, 1973.

COMMISSIONER OF SOCIAL SECURITY,  
Department of HEW Building,  
Washington, D.C.

DEAR COMMISSIONER: The 6,500-member California Council, National Association of Social Workers has studied the proposed Supplemental Security Income Program regulations as published in the October 3, 1973 *Federal Register*. Several of these regulations will have a serious negative effect in California, endangering the eligibility of many needy persons. The NASW therefore urges the following amendments:

1. Section 416-1212(a). Establishment of a \$25,000 maximum value of homes in California is unrealistically low. This regulation could be particularly harmful to California residents as property values have soared over the past two decades. Homes that were purchased for \$10,000 to \$15,000 twenty years ago in Los Angeles, Orange County, or the San Francisco Bay Area, for example, are selling today for over \$30,000. Under these regulations, a recipient could be forced to sell a home in which he had invested only \$10,000.

This inequity is further aggravated by the fact that county property tax rates are now frozen in California but assessed valuation rates are not. In order to increase revenues, some counties are increasing assessed valuation. Thus a \$25,000 maximum value for homes is unfairly low for this state.

NASW therefore recommends that the California value limit on homes be raised to \$35,000 by including California in the exception already granted for Hawaii and Alaska.

2. There is no provision for "less encumbrances" in the proposed regulations. One of the most negative features of the regulations and potentially the most harmful to recipients is the failure to take into account the encumbrances on any resources of recipients. For example, a refrigerator could be deemed to have an open market value of \$300 even though a recipient's equity in it was only \$100. Ownership of an automobile worth \$1,700 could disqualify a recipient even if he had only a few small payments on it. It is grossly unfair to disqualify recipients from aid by defining their equity to be equal to the total market value of unpaid for possessions.

NASW therefore recommends that the qualifying words "less encumbrances" be inserted throughout these proposed regulations after every explicit dollar limitation reference.

3. Section 416.1216. Establishment of a limitation of \$1,500 on all household goods and personal effects is unreasonable. If one were to inventory the necessities in an average home, their combined market value would undoubtedly exceed \$1,500. This regulation is much stricter than current California policy which currently excludes entirely "items used to provide, equip and maintain a home", heirlooms, wedding rings, clothing, recreational equipment and musical instruments. This section will particularly affect disabled and blind persons who must possess specialized appliances and home furnishings in order to maintain an independent living arrangement. It will also disqualify many older persons, who have acquired a relatively comfortable furnished home over a period of many years, and now because of illness or unemployment are forced to depend on welfare for basic necessities. Furthermore, possession of a single heirloom or a wedding ring could disqualify an individual under this proposed regulation.

NASW therefore recommends that this limitation be increased to at least \$3,000.

4. Section 416.1218. The limitation of one car only per family will create severe hard-

ships for families of disabled persons. In order to travel to the doctor or to participate in mandatory rehabilitation programs, many disabled persons must travel in different directions from other family members and/or drive specially equipped automobiles. The equipment required depends on the nature of the disability; one disabled person cannot always drive another's car.

NASW therefore recommends that more than one car be allowed for families when there are disabled persons in the household.

5. Section 416.1125(d). This regulation states that the one-third income reduction for in-kind room and board services "will apply regardless of whether the individual . . . is making any payment for support and maintenance." This reduction is unreasonable and not required by statute (Section 1612(a)(2)(A)). It is surprising that a regulation would be proposed defining that a recipient is considered to be "receiving support and maintenance in-kind" when he is paying for room and board.

NASW therefore recommends that Section 416.1125(d) be deleted.

While there are several other points in the proposed regulations which appear to be unnecessarily restrictive, NASW has mentioned only those five major points which we believe to be most serious.

The California Council, National Association of Social Workers respectfully urges the Department of Health, Education and Welfare to include our recommendations in its final regulations.

Sincerely,

WANDA R. COLLINS,  
President.

SAN FRANCISCO NEIGHBORHOOD LEGAL ASSISTANCE FOUNDATION,  
San Francisco, Calif., October 30, 1973.

JAMES BRUCE CARDWELL,  
Commissioner, Social Security Administration, U.S. Department of Health, Education, and Welfare, Washington, D.C.  
Re. 20 C.F.R. § 416, Sub Parts K & L, Proposed in 38 Federal Register 27403-11.

DEAR COMMISSIONER CARDWELL: The following comments are submitted in response to the above-cited regulations proposed by Arthur E. Hess, Acting Commissioner of Social Security, on October 3, 1973.

Before discussing the proposed regulations in detail, I would like to make two general points. First, the regulations are frequently vague and couched in such general language as to render them almost wholly unusable. It is my understanding that SSA has prepared a "Claims Manual" for the use of its field staff in making actual determinations of eligibility. It is my understanding that this document, in many instances, provides further interpretations of the regulations set forth in 20 C.F.R. In addition, it is my understanding that it also establishes procedures for making many of the determinations set forth in very general terms in the 20 C.F.R. regulations. I must make these problematic characterizations of the "Claims Manual," since, thus far, I have been unable to obtain a copy of it. If my understanding of its contemplated use is correct, I believe that two serious violations of law have occurred.

First, to the extent that it is used in making determinations of eligibility of SSI applicants, it sets forth "substantive rules of general applicability as authorized by law, in statements of general policy or interpretations of general applicability formulated and adopted by the agency. . . ." Therefore, Congress has dictated that SSA must "publish [it] in the Federal Register for the guidance of the public. . . ." 5 U.S.C. § 552(a)(1)(D). Secondly, "statements of policy and interpretations which have been adopted by the agency" and are not required to be published in the Federal Register must be made "avail-

able for public inspection and copying" by the agency. 5 U.S.C. § 552(a)(3)(B). In both cases, the public is being denied its opportunity to comment upon and, thereby, conceivably have some influence upon the final policies adopted by you, it has also been denied the opportunity to determine the nature of the policies unilaterally adopted by you. There is no sound reason in policy or law for SSA to become a citadel of secrecy and silence.

My second basic objection goes to the manner in which SSA is adopting all of its supplemental security income regulations. As I stated in more detail in my September 20, 1973, letter to Secretary Weinberger, P.L. 92-608 became law on October 31, 1972. For over eleven months, HEW stood officially mute with respect to its interpretation of the statute. It was not until October 3 that the very first regulations implementing the bill were proposed. On that date, sub parts K & L were proposed. The only other proposed regulations which have been issued since that date were sub parts E & E, proposed on October 18, 1973. Thus, sixteen of the twenty sub parts, 80% of the total, remained to be proposed. It is now nearly the 1st of November. The Administrative Procedure Act contemplates that all regulations shall be published in proposed form to allow the public at least thirty days to comment and, thereby, hopefully influence the substance of the regulations finally adopted. Since the SSI program is to be operational on January 1, 1974, there is a very distinct possibility that all of the regulations will not even be proposed before the end of November, thus precluding the possibility that they can be adopted in final form prior to the implementation date. Assuming, however, that all of the remaining proposed regulations are published in the Federal Register before the end of November, such a procedure makes a mockery of the Administrative Procedure Act. As anyone familiar with the implementation of the SSI program knows, the operational logistics of initiating the program are of such substantial magnitude as to find few, if any, precedents in the history of federal agencies. I simply find it very difficult to believe that SSA will conscientiously review the comments of all interested parties, and take such comments into consideration so as to, in fact, alter its final regulations in light of such comments. The necessities of making the program operational on January 1, 1974, must necessarily dictate that the policies then applicable have become firm and relatively immutable long before the date of this writing. The programming of the computers necessary to make payments to over six million SSI recipients simply does not allow for last minute changes. Thus, we are all "going through the steps" to give a semblance of compliance with the Administrative Procedure Act. Those of us who represent recipients are moved by our naive idealism to think that our comments shall have some real influence. Even I, with my cynicism, proceed as though this comment will have some real influence.

Sub part K contains SSA's policies regarding income in the SSI program. The following comments are organized in numerical order.

(1) § 416.1105(b) states that: "The cash proceeds of casualty insurance to replace an excluded resource are not income. For treatment as a resource see § 416.1232." The latter regulation states that such a payment is to be "excluded as a resource provided the total amount of the cash is used to repair or replace such excluded resource within three months if the resource is personal property and six months if the resource is real property. Any such cash not so used within such time periods is an includable resource to the extent retained. . . ."

The long and the short of all of this is that the regulations are silent with respect to the

cash proceeds of casualty insurance policies which are paid by the insurance company to replace an included resource. (The significance of whether a resource is to be "included" or "excluded" is substantial; there is, generally, a \$1500.00 limit on resources; if a resource is "excludable," its value will not have any effect on an applicant's eligibility.) Apparently, the regulations are silent as to whether such an insurance payment is to be considered as "income" or "resources." This is very important since if it is to be considered income, a recipient's grant will be immediately reduced by the amount of the "income." However, if it is to be considered as "resource," its receipt will not affect the amount of the grant but rather render the recipient wholly ineligible, except for the provisions of § 416.1240 which allows a recipient to retain eligibility for a specified period of time so long as he initiates procedures to dispose of the excess resources. Since such an insurance payment is intended by the insurer to replace an included resource, it would be expected that the insurance payment would also be considered a resource, not income. This should be made clear so that receipt of such proceeds will not reduce a recipient's grant. Considering it as a resource will in no way create a windfall for the recipient since the value is exactly equal to that value that the resource had before its destruction.

(2) § 416.1109 states that: "The term 'income' does not include the value of" medical services "or other services of a strictly social nature furnished an individual by any governmental or private agency." The regulation should be amplified to make it absolutely clear that the value of any service received by a recipient pursuant to Title VI of the Social Security Act, the new title in P.L. 92-603 to provide for services to the aged, blind and disabled, shall not be construed as "income" for SSI purposes. While I believe that this is your intent, it should be made absolutely clear.

(3) § 416.1115 defines the term "countable income." In sub-section (a) (1) there is a cross reference to § 416.1102(a). This is an error—the reference should be to § 416.1102 (b). The same error exists in the cross reference in § 416.1115(a) (2); the reference there should be to § 416.1102(c), not (b).

(4) § 416.1120 states that: "In determining the amount of unearned income, the amount actually available to the individual is considered." This states an exceedingly important principle that has existed in the Social Security Act for over thirty-five years. It finds its genesis in the attempts of the State of Ohio in 1938-39 regarding its responsible relatives law. Ohio created a statute requiring that the adult children of recipients of Old Age Assistance contribute certain amounts of money, dependent on their income, to their indigent parents. Then, the grants to those indigent parents were reduced by the amount of the children's required contribution, whether or not the children, in fact, made those contributions. The Social Security Board, the agency then administering the Social Security Act, then moved to cut off federal funds to the State of Ohio. The matter was eventually resolved in favor of the indigent parents by the requirement that a state could take into account only such income as was actually available to the recipients. The underlying principles in this policy were further emphasized and confirmed by the United States Supreme Court in *King v. Smith*, 392 U.S. 309 (1968) and *Lewis v. Martin*, 397 U.S. 552 (1970). They have been embodied in regulations interpreting the term "income and resources" as used in Titles I, IV-A, X, XI, XIV, XVI and XIX. The principle is expressly stated in the Medicaid title of the Act, Title XIX, § 1902(a) (17) (B), 42 U.S. Code § 1396a (a) (17) (B). Although the principle is again stated in these regulations, in several subsequent regulations, it is directly contradicted.

§ 416.1120 further provides that: "The gross amount [of unearned income] is reduced by any ordinary and necessary expenses incurred in getting or receiving the unearned income." This is a proper and necessary corollary of the general principle embodied in the "actually available" income rule. This corollary means that because certain amounts of money are spent to generate income, such sums must not be considered in the determination of income because they are not "actually available" since they have been extended for the purpose of generating income. The regulation goes on to provide an example: "Where an individual receives compensation for damages incurred in an automobile accident, the amount of unearned income . . . is the final settlement amount less ordinary and necessary legal, medical and other expenses which are deducted prior to his receipt of the settlement. An amount earmarked to replace the damaged automobile would be excluded from income. . . ." The next and final sentence of the regulation then turns around and directly contradicts the principles set forth in the previous sentence. It states that: "Personal income tax withheld from unearned income before it is paid to the individual is not a deductible expense and, therefore, does not reduce the amount of the unearned income to the individual (e.g., income tax withheld from lottery winnings)." [Emphasis added.] Such an exception like this is absurd. The personal income tax withheld is, by definition, not "actually available to the individual." The whole function and purpose of a recognition of income is to reduce a grant by an amount equal thereto. The rationale is that the individual has an alternative to meet his or her subsistence—the income actually received. If no income is actually received, or if less income is actually received in some putative amount, the recipient will, necessarily, have less total income available to meet his or her needs than the amount established in the grant standard. Thus, if an individual wins \$1,000 in a lottery, and \$400 in income tax is withheld, the individual only has \$600 in hand. The policy proposed in the regulation will necessarily mean that for over three months the recipient will be wholly ineligible for a grant although \$400 was never received and never will be received. This is completely absurd. It contradicts the sound policy and logic expressed in the "actually available" income rule.

It is fairly safe to say that Congress was fully aware of the "currently available" income rule and implicitly expected it to be applied, in the absence of any specific provisions to the contrary. For example, § 1614 (f) (2) of Title XVI provides that in determining "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 . . . who is living in the same household as such individual, whether or not available to such individual. . . ." A similar provision exists in § 1614(f) (1) with respect to the income and resources of an ineligible spouse living with an eligible person. In short, Congress has determined that as between spouse and spouse and parent and child, the relationships are so close that an individual determination of case-by-case "actual availability" need not be made. In short, the presumption expressed in the old adage, "what's mine is yours and what's yours is mine," is sound with regard to such close relationships. Otherwise, actual determinations of availability must be made however inconvenient this may be to administrators.

The terminology used in the law when such presumptions are not well-founded is called "conclusive presumptions". In other words, a statute or regulation presumes the

existence of a fact and prevents an individual from showing that in his or her individual circumstance such presumption is false. In a nearly unbroken line of cases stretching from the 1920's, the United States Supreme Court has struck down such presumptions because they deny an individual the right to due process of law as guaranteed by the Fourteenth Amendment to the Constitution of the United States. The most recent application of this principle was stated by the U.S. Supreme Court on June 25, 1973, in *U.S. Department of Agriculture v. Murray*—U.S.—, 41 U.S.L.W. 5099 (6/26/73). In that case, the Court recognized that most conclusive presumptions are created for the benefit of administrators, often without regard for the rights of the affected individuals. The Court stated that: "The establishment of prompt, efficacious procedures to achieve legitimate state ends is a proper state interest worthy of cognizance in constitutional adjudication. But the Constitution recognizes higher values than speed and efficiency. Indeed, one might fairly say of the Bill of Rights in general, and the Due Process Clause in particular, that they were designed to protect the fragile values of a vulnerable citizen from the overbearing concern for efficiency and efficacy that may characterize praiseworthy government officials no less, and perhaps, more than mediocre ones." 41 U.S.L.W. 5101. In short, one may look at the "currently available" income rule as an alternative statement of the conclusive presumption principle. Income which is not in fact currently available but which is presumed to exist, any evidence to the contrary notwithstanding, is in fact a conclusive presumption of availability. As such, it will always violate due process.

One final point should be made about this particular regulation. The example used, that is, the receipt of compensation for damages incurred in an automobile accident, states that the "ordinary and necessary legal, medical, and other expenses which were deducted prior to . . . receipt of the settlement" are the only expenses which will be deducted from the gross amount received. This is absurd. What is the purpose of distinguishing between expenses which are paid prior to the receipt of the settlement and paid by the attorney or expenses which are paid after the settlement and paid by the client. In either case, they are "ordinary and necessary expenses incurred in getting or receiving the unearned income," the standard expressed earlier in the regulation. The example should be changed and no reference should be made to any distinction between expenses paid prior to or after the receipt of the settlement.

(5) § 416.1125 sets forth certain standards relating to support and maintenance furnished in cash or in kind to a recipient. Presumably, these regulations interpret § 1612(a) (2) (A) of Title XVI. That statutory provision states:

"[U]nearned income means all other income, including support and maintenance furnished in cash or in 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 [§130, in the case of an individual, and §195 in the case of a couple] shall be reduced by 33½ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph. . . ." [Emphasis added.]

Putting aside the question of the constitutionality of this conclusive presumption, what it states, in essence, is that if an individual is receiving room and board from

someone else, his or her SSI grant shall be reduced by one-third, regardless of the actual value of the room and board received. Section 416.1125(d) goes out just one step beyond the statute—it is ahead of the statute by leaps and bounds. It provides that: "Such one-third reduction will apply regardless of whether the individual . . . is making any payment for support and maintenance (room and board) to the person in whose household he is living." [Emphasis added.] In other words, if an elderly gentleman decides to live with a receptive family because he does not want to live out the rest of his life in the loneliness of a downtown pensioner's hotel, and pays, for example, \$90 per month for room and board, he will have his grant reduced automatically by one-third. This is absurd. It is not only wholly unauthorized by the statute, because that is limited to individuals "receiving support and maintenance in kind," it is a gross violation of the constitutional prohibition against conclusive presumptions.

The only way to interrupt this regulation is as a conclusive presumption that a person "living in the household of another" cannot enter into an arm's length transaction for the payment of room and board. In other words, all such transactions are somehow fraudulent. This regulation should be promptly rejected.

(6) § 416.1126(g) is very unclear. It is another one of the  $\frac{1}{2}$  reduction for in kind income regulations. It seems to apply to couples that are living apart where one of the two "is living in another person's household." In such case, the  $\frac{1}{2}$  reduction does not apply. This seems to be a rather arbitrary bit of generosity granted to such couples. However, since the other  $\frac{1}{2}$  reduction regulations in no way appear to be generous, it is possible that I have misconstrued the application of the regulation. If such is the case, while I do not contend that I am the necessary bellwether of the clarity of these regulations, I would suggest that some clarification be made so that its true meaning is not subject to misapplication. Finally, the regulation provides that in such cases, where one of a couple living apart is living in another person's household, the actual value of support and payments received in kind shall be determined in the process of establishing an individual's grant. In this case, a rebuttable presumption is created that the value of support and maintenance is \$32.50 per month. In other words, if the recipient can show that the value is less than that, the lesser deduction will be made. It is unclear why SSA has chosen to comply with the due process requirements implicit in the conclusive presumption line of cases exemplified by *USDA v. Murray* in only this one instance. In any case, it is commendable. If SSA is truly interested in merely administrative convenience, it should be applied in all instances; otherwise, it appears as though the motivation behind some of these other regulations is to be found in less enviable policies.

(7) § 416.1125(h) states that the  $\frac{1}{3}$  reduction in the payment standard will not apply to the payment standard of any individual who is subject to the provisions of § 416.1185. . . . There is no regulation that carries the number 416.1185. The last regulation in this series is 416.1180. This seems to be nothing more than an oversight and should be corrected by the prompt publication of § 416.1185.

(8) § 416.1132 provides that "prizes and awards" are income in that where such prize and award is not in cash, the current fair market value of the item is counted as "unearned income." While this is not subject to challenge as a general principle, there is no further definition or instructions as to how to determine the "fair market value." I suspect that these further instructions or definitions are contained in the Claims Man-

ual but the manner in which the term is defined or the instructions given cannot really be commented upon owing to the failure of the agency to publish the Claims Manual. If my assumption is incorrect, a much more specific definition and instructions should be set forth.

(9) § 416.1145(a) states that: "For the purpose of determining countable income in accordance with § 416.1115 of this sub part, the following income shall be excluded." The regulation then goes on in 12 subsections defining in very brief terms certain exclusions from income. This is unduly prolix, because in each subsection there is a reference to a more detailed regulation stating the nature of such exclusion. This general statement could be more easily and simply made by using the following language which is proposed as an alternative regulation:

"(a) For the purpose of determining countable income in accordance with § 416.1115 of this sub part, income as specified in §§ 416.1149-71 shall be excluded."

(10) § 416.1145(b) provides that: "In determining the countable income in accordance with § 416.1115, the exclusions listed in paragraph (a) of this section shall apply first to unearned income, and then to earned income, where appropriate. In so applying they shall be considered in the numerical sequence in which they are listed in paragraph (a) of this section. There seems to be no reason for this sort of ordering of types of income and deducting *in seriatum*. Regardless of the series in which they are applied, the totals will nevertheless be the same. In other words, all of the exclusions, however ordered, always total to the same amount. Also, the total of earned income and unearned income is always the same. Necessarily, the difference between them is always the same, regardless of the order in which the addition or subtraction is made.

(11) § 416.1151 states that supplemental payments made "by a State or its political subdivision" shall be excluded. It would be more appropriate to refer to "subdivisions."

(12) § 416.1153 provides that: "Any portion of any grant, scholarship or fellowship, for use in paying tuition or fees to an educational institution received by an individual or spouse shall not be considered in determining countable income under § 416.1115." This is unduly restrictive in that such payments are ordinarily intended to pay additional educational expenses and they are in fact so used. To the extent that such income is in fact so used, the requirement that it nevertheless be counted as income available for the meeting of subsistence needs in the computation of a grant necessarily means that the government will be assuming the receipt of income which is in fact not available. In other words, if a recipient receives a \$500 scholarship for an academic semester, and pays \$200 in tuition and fees, \$100 for books, \$150 for transportation to and from school and \$50 for additional clothing and food necessarily related to attendance at the educational institution, such additional expenditures will not be recognized. The additional \$300 will, inexorably, be considered available to pay for the recipient's rent, utilities, clothing, etc.

Clearly, such income is not available to meet the recipient's subsistence needs. The regulation necessarily constitutes a conclusive presumption that it is and suffers from the defect previously discussed in relation to *USDA v. Murray*. I would propose the following alternative regulation:

"Any portion of any grant, scholarship or fellowship used in paying tuition, fees or any other expenses reasonably attributable to the furtherance of the individual's intended educational goals, expended by an individual or eligible spouse shall not be considered in determining countable income under § 416.111."

Either the proposed regulation was written with full knowledge of its effect and the agency proposes to, thereby, severely inhibit recipients from improving their capacity for self-support or the regulations was incompetently drafted. No other conclusions seem applicable.

(13) § 416.1169 provides that, "in determining the net amount of earned income to be applied in computing a grant, to the extent that such income is used to meet any expenses reasonably attributable to the earning of any income," such work-related expenses shall be excluded. However, this reasonable application of the "currently available" income rule is applicable only to the blind. I realize that specific provision for work-related expenses is made only in relationship to the blind under § 1612(b)(4)(A) of Title XVI, that does not constitute a limit on the agency. By providing for work-related expenses only in relationship to the blind, a very clear equal protection question is raised. Not only would extension of this provision to the aged and the disabled prevent the serious denials of equal protection, such extension would also be sound policy. All it could do is encourage recipients to seek gainful employment and thus make themselves more potentially self-supporting. Where the work ethic is so strong, how can the work incentive be so weak?

(14) § 416.1171 excludes "earned or unearned income" which "is needed to fulfill an approved plan for self-support for an individual who is disabled or blind, as provided in Sub part I of this part." [Emphasis added.] While that is praiseworthy as a general principle, the regulation does not go on to provide any sort of standard for establishing when a plan for self-support shall be approved and when it shall be disapproved. Again, such standards may exist in the Claims Manual but such an assumption may or may not be true. If it is true, no comment can be made upon the further elaboration of the principle since no access can be had to the Manual. If the assumption is false, the regulation should be modified to provide some sort of guideline or standard.

#### SUBPART L—RESOURCES

(1) § 416.1201 states that "non-liquid resources," that is, resources which are neither cash nor financial instruments readily convertible to cash, are to be "evaluated according to their current market value. . . . For purposes of this Sub part L, the 'current market value' of an item is defined as the price that item can reasonably be expected to sell for on the open market in the particular geographic area involved." The regulation, while adequately defining the term, does not provide any guidance as to the practical mechanism by which the "current market value" of a particular item, in a particular place can actually be determined. Again, it is possible that the Claims Manual goes provide more guidance to eligibility workers and recipients as to just how the "current market value" will be determined. However, again no comment is possible if such guidance is provided in the Manual. If it is not, this regulation should be amended to specify the particular mechanism to be used in actual determinations of value. Such a standard procedure would provide for more uniformity and certainty in administration, not to mention equity with respect to recipients.

(2) § 416.1202 provides that with respect to certain classes of recipients, the resources of ineligible family members with whom such recipients are living shall be deemed to be available to the eligible recipient. This is the analogue of § 416.1101(a)(1) and (2) where the income, as opposed to resources, of such family members is also deemed to be available to the eligible recipient. These regulations are apparently intended to implement § 1614(f) of Title XVI. They embody the principle, discussed above, that with respect

to very close family members, income and resources shall be presumed to be available whether or not they are in fact so available because of the close relationship between the individuals.

Although self-evident, the regulations should be clarified to make it absolutely clear that the resources must at least be available to the ineligible family member. If the resources are unavailable to the ineligible family member, for example the body of a spend-thrift trust, the regulation would be subject to the defect of a conclusive presumption of availability to the ineligible spouse. This presumption would in no way benefit from the notion of close familial relationship.

(3) § 416.1202(b) sets forth the deeming of resources principle with respect to eligible children and the resources of their parents. It states that: "In the case of a child . . . who is under age 21, such child's resources shall be deemed to include any resources not otherwise excluded under this Subpart, of a parent of such child (or the spouse of such a parent) who is living in the same household . . . as such child, whether or not available to such child. . . ." This regulation defines child as an eligible individual under the age of 21. However, the applicable statute, § 1614(c) of Title XVI states that: "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 22 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." [Emphasis added.] Thus the regulation goes far beyond the statute by designating a child as such an eligible individual under the age of 21, whereas the statute defines a child as (1) under the age of 18, or under the age of 22 under the specific specified educational circumstances. The regulation should be changed to conform to the statute.

(4) § 416.1205(a) sets forth the resource limitations on eligible individuals in completely negative terms. It states: "An aged, blind or disabled individual without an eligible spouse (as defined in Subpart A of this part) may have non-excludable resources not in excess of \$1500 and not be ineligible for benefits under title XVI of the Act." Similarly, it continues setting forth the resources limitations for eligible individuals with and without eligible spouses, also in similar negative terms. The use of such negative terminology makes the regulation somewhat difficult to understand and, somewhat inartful. I cannot understand the basis for stating it in such negative terms. I would recommend an alternative statement, as follows:

"An aged, blind or disabled individual without an eligible spouse (as defined in Sub Part A of this part) shall be eligible for benefits under title XVI of the Act if his non-excludable resources do not exceed \$1,500 except as provided in § 416.1240. An individual who is living with an ineligible spouse shall be eligible for benefits under title XVI of the Act, if his resources, including the resources of such spouse, do not exceed \$2,250."

Similarly, I would rewrite § 416.1205(b) as follows:

"An aged, blind or disabled individual who lives with an eligible spouse shall be eligible for payments under title XVI of the Act if he has non-excludable resources, including the resources of such eligible spouse, which do not exceed \$2,250."

While such changes, I believe, do not alter the substance of the proposed regulations in any way, it makes them much more easy to understand. There is no reason why SSA should attempt to rival the Internal Revenue Service in regulatory mysticism.

(5) § 416.1210 states that: "In determining the resources of an individual (and spouse, if any) the following items shall be excluded." Then, the regulation goes on to very briefly summarize, in nine sub parts, nine specific resource exclusions. However, just as in the case of the income exclusions similarly summarized in § 416.1145, this summary listing is really unnecessary since it is followed by the specific and detailed discussion of each of the nine exclusions. Again, I would rewrite it in a similar fashion, as follows:

"In determining the resources of an individual (and spouse, if any) the items specified in §§ 416.1212-18, 416.1222-30 and 416.1234 shall be excluded."

Such a regulation would perform the same function, save space and reduce prolixity.

(6) § 416.1212(a) excludes the value of a home "to the extent its current fair market value does not exceed \$25,000 (\$35,000 in Alaska and Hawaii)." This blanket use of one single figure for application throughout the United States is grossly inequitable. Not only is there a large, significant difference between the value of an ordinary, modest house in, for example, Franklin County, Mississippi and San Francisco, Calif., such similar differences exist when much shorter distances are involved. For example, the average value of the ordinary, modest house in Quincy, California hardly approaches 50% of the value of a similar house in San Francisco. Indeed, I feel certain that the differences between certain regions in the United States exceed the differences between, for example, San Francisco and Alaska or Hawaii. The U.S. Department of Housing and Urban Development has seen fit to establish differential maximums on the value of houses which may be purchased or insured under federal housing programs in accordance with reasonable regional variations. It seems quite possible that the slightest bit of cooperation with HUD could achieve similar regional variations in the maximum value of a house for SSI purposes. Otherwise, gross inequities will result.

For example, this \$25,000 maximum in no way considers the individual's equity in the property. Therefore, we can have such inexplicable situations as the following: a senior citizen in San Francisco owns a house whose current market value is \$28,000, with an outstanding loan of \$25,000; therefore, this person has a \$3,000 equity. Whereas, an individual in Quincy, California can have a \$21,000 house, which would probably be twice as large as the house owned by the San Franciscan, with a mortgage balance of \$1,000 on it; in short, he has an equity of \$20,000. Inexplicably, the latter person is eligible and the former ineligible. This sort of absurdity has no place in a federal program that was created for the purpose of trying to bring some order and reason to the welfare system. It merely perpetuates illogical, inequitable policies that exist now under many of the states. The more appropriate resource determination would be the person's equity in the property. If it is felt necessary to impose some sort of maximum market value that an eligible individual may own for the purposes of appearance, these maxima should have some regional variations since appearances are all relative. What I am referring to here is the obvious underlying rationale for this regulation—SSA believes that no adult recipient should live in a house that appears to be relatively expensive since that might incur the wrath of his or her neighbors. But a \$20,000 house in Quincy may be considered by the general populace to be relatively luxurious, for such a house in San Francisco is conceded by all to be unavailable.

(7) § 416.1212(d) provides that the proceeds from the sale of a home shall be excludable to the extent that they are used to purchase another home, "within three months of the

date of the receipt of the proceeds." There should be an additional proviso which would state, as follows: "Such a period can be extended for an additional two months if an escrow account is established for the purpose of purchasing such home within three months of the date of the receipt of the proceeds, but such escrow is not closed and, consequently, the title to the property has not passed because of delays through complications in the escrow process." This would be consistent with the regulation and would provide for such a complication.

(8) § 416.1216(a) specifies that the value of household goods and personal effects, above \$1500, is an includable resource. The regulations go on to define the term "as including household furniture, furnishings and equipment which are commonly found in or about a house and are used in connection with the operations, maintenance and occupancy of the home." Household goods would also include the furniture, furnishings and equipment which are used in the functions and activities of home and family life as well as those items which are for comfort and accommodation. Personal effects are defined as including "clothing, jewelry, items of personal care, individual educational and recreational items, such as books, musical instruments and hobbies." While the prospect of SSA employees running out and making evaluations of the value of knives, forks, spoons, sheets, pillowcases, etc., is ludicrous enough, the regulation further implicitly requires that the determination of the value of these resources be made *without regard* to encumbrances.

First, it should be fully determined by SSA that it is necessary to include these household goods and personal effects for some justifiable reason. Most states, under the present categorical assistance programs, not included such resources. Apparently, the reasoning has been that when a person is sufficiently poor as to have little or no income, it is unlikely that they will have a huge cache of household goods. Indeed, the State of California, until 1971 wholly excluded these resources from evaluation. A provision of the Welfare Reform Act of 1971 narrowed that exclusion down somewhat but this apparently has had little or no effect on the caseload. The total caseload in the three adult categories is nearly the same as it was prior to the Welfare Reform Act. What little decline has occurred, approximately 2%, is far more attributable to the substantial increases in Social Security benefits granted by the federal government in the two-year period.

Secondly, the failure to exclude encumbrances on household property leads to much further inequity and illogic. For example, assume that a disabled individual has household goods and personal effect excluding his or her stove, whose value equal \$1500. In addition she has just bought a new stove and paid \$350 for it, \$25 down and \$25 a month. Within weeks after purchase, it is fair to say that the value as a used stove will be less than the existing loan. Assume that she could sell it for \$250 and the outstanding loan balance is \$325. In short the stove has no economic value to her at all because if she sells it she will have to turn around and turn the proceeds over to the lender and still wind up with a \$75 debt. However, this is what the regulations require since the regulations do not look at economic reality. That is, they do not look at the actual value of the resource to the individual involved. This should be, but is not, the guiding principle.

The only purpose of having a resource test at all is to say to an individual, "Government funds for basic subsistence are limited. The taxing power of the federal government is not endless. Therefore, if you have alternative means of subsistence, you should draw down on such resources until they are expended before you seek the assistance of

the taxpayer." But this sort of rationale has no application to the situation where the resource is non-existent because of an outstanding loan upon it. In short, that rationale has application only to the equity that an individual has in property. It is only that equity that can be drawn upon as an alternative subsistence means. This is what a "means test" is all about. To ignore the existence of the resource merely means that the recipient must divest himself or herself of the particular item, pay off the loan and be no better off for it. In fact, the recipient, in the example above, now has no stove. As far as the government is concerned, she also does not have any more alternative resources upon which she can live prior to requesting the aid of the government. Such an absurd policy has no place in an enlightened, or half enlightened, country. The regulation should be promptly corrected by specifying that the determination of the value of resources shall be made after considering encumbrances, in short the equity value of the resource.

(9) § 416.1218(d) relates to the determination of value of an automobile. It states that: "The 'retail market value' of an automobile is the average price a vehicle of that particular year, make, model and condition will sell for on the open market (to a private individual) and in the particular geographic area involved." It is very unclear what this regulation means. If it means that the particular automobile in question shall be evaluated by several used car dealers, for example, and an average is struck of the individual estimates, it is unobjectionable. If, however, the actual value of the particular automobile in question is not the determinative factor, but rather, some average notion of vehicles of that general year, make, model and condition is to be established, then it is quite objectionable. In the latter case, such averages necessarily, by the laws of mathematics, operate to the detriment of individuals whose particular automobile may be worth substantially less than the average. The State of California had a provision for the determination of the value of automobiles based on such average. This was challenged in the case of *Lopez v. Carleson*, Sacramento Superior Court No. 231433. Two arguments were made: First recipients argued that the use of such averages violated the "actually available" income rule of 45 C.F.R. § 233.20(a)(3)(ii)(c). In addition the rule was also challenged on the basis of the due process clause of the Fourteenth Amendment since it would constitute a conclusive presumption of value and prevent the introduction of any evidence that the value of the actual automobile in question was less than the average amount. The State of California, rather than defending the action, stipulated to the entry of a permanent injunction restraining the enforcement of the regulation. In its place, the State is reverting to regulations which were in force prior to October 1, 1971, which provided for a procedure establishing what was called a "quick sale market value." Under this procedure an individual is permitted to obtain three estimates from car dealers and the value would then be the average of these three estimates. While such procedures may lead to inconvenience for administrators, the absence of such procedures necessarily leads to gross inequities to individual recipients. Hopefully, the regulation as stated intends to establish something comparable to the California "quick sale market value" system. However, it is unclear. Perhaps, it is clarified in the Claims Manual. If not, it should be clarified in the final regulations so as to make clear that individual determinations of value are intended.

(10) § 416.1220 specifies an additional exclusion of resources relating to "property used in a trade or business . . . and prop-

erty not used in a trade or business but which nevertheless produces income or is otherwise necessary to the self-support of the individual (and spouse, if any)." This latter phrase is very unclear. Does the term "self-support" have only an economic meaning? That is, does it mean only something which produces economic value or does it, more broadly, mean a resource that is necessary to sustain life or render living more normal for the particular individual. For example, motorized wheelchairs for disabled individuals, iron lungs for those with respiratory problems and other such devices and equipment are resources "necessary to the self-support of the individual." However, they do not produce income. Does that mean that these items will be included in the determination of whether a person has excess resources? Surely, that cannot be the case since it would not be expected that an individual who owns such property which put him over the limit should go out and divest himself of his iron lung, motorized wheelchair, braille machine, etc. The regulation should be made absolutely clear that such property of a medical nature necessary to sustain life or render living more normal for the particular individual is wholly excluded. Surely, Congress did not intend otherwise.

(11) § 416.1226 specifies that: "In determining the resources of a blind or disabled individual, there shall be excluded such resources as an approved plan for achieving self-support specifies as being necessary for the fulfillment of such plan for so long as such plan remains in effect." This may be intended to have some meaning but it really does not. Perhaps, again, the Claims Manual provides the specificity necessary to render this meaningful. What are the standards for approval and disapproval of a plan? How is the retention of property to be determined "necessary for the fulfillment of such plan"? Who is to determine these questions and how are they to be determined?

(12) §§ 416.1260-61 implements the provisions of Section 1611(g) of Title XVI which requires that recipients of state welfare assistance under the existing plans who were recipients during the month of December, 1973, shall be eligible for SSI benefits even though their resources may exceed the new resource limitations. In other words, these individuals met the resource limitations of the appropriate state plan in December, 1973 and they should not be terminated because of the implementation of national guidelines. The regulation should be modified so as to specify that if such a recipient should happen to be terminated from aid for a period of time because of excess income, that the provisions of § 1611(g) shall still apply even upon reapplication. Often, a recipient may receive an unexpected sum from an inheritance, although in a small amount, which terminates assistance for a month or two. This should not terminate the "grandfathering" benefit of § 1611(g).

Sincerely,

RALPH SANTIAGO ABASCAL.

Mr. CRANSTON's amendment (No. 748) is as follows:

On page 139, line 15, insert "in final form not later than April 30, 1974," after "prescribe".

AMENDMENT NO. 748—REGULATIONS GOVERNING PROVISIONS FOR HMO'S IN MEDICAID PROGRAM

Mr. CRANSTON. Mr. President, I fully agree with the committee's intent in adding the provisions designed to assure that prepaid health programs under medicaid would provide a high quality of care in the most efficient and cost-effective manner. However, I am most concerned at the slowness with which the Department of Health, Education, and

Welfare, has acted to issue regulations governing these comparable provisions for medicare under title 18. Without the regulations, HMO's have been unable to determine accurately the effect of providing services under medicare to enrollees and have been reticent to enter into the program.

I am afraid these same circumstances will deter HMO's from participating under medicaid provisions, and for that reason I offered amendment No. 748 requiring that HEW issue by April 30, 1974, final regulations governing the implementation of this provision.

Mr. CRANSTON's amendment (No. 749) is as follows:

On page 153, line 23, insert the following new section:

STUDY TO DETERMINE FEASIBILITY OF PROVIDING PAYMENTS UNDER TITLE XVIII FOR THE SERVICES OF AIDES FOR HOME DIALYSIS PATIENTS

SEC. 183. The Commissioner of Social Security shall conduct a study of the feasibility and appropriateness of providing payments under part B of title XVIII of the Social Security Act for the services of home health personnel to assist patients enrolled under such part to perform dialysis in such patients' homes, and to make a report and recommendation thereon to the Congress prior to January 1, 1975. The study shall include consideration of the number of patients involved and the medical, economic, social, and psychological impact of utilizing such home health personnel on a general or limited basis, including consideration of the economy of home dialysis with paid assistance in comparison with the costs of alternative approaches, such as the use of self-dialysis facilities.

AMENDMENT NO. 749—COVERAGE OF HOME DIALYSIS AIDES

Mr. CRANSTON. Mr. President, I have also been most concerned about a problem facing a number of persons receiving kidney dialysis in their homes, who for a variety of personal reasons—such as death or divorce—no longer have a family member or friend available to assist with home dialysis care. These persons must either pay out of their own pockets for a trained aide, or be forced to give up their home dialysis equipment and revert to receiving dialysis at more costly limited care centers. The current HEW interim regulations governing the coverage of chronic kidney disease treatment for transplantation and dialysis under medicare do not authorize use of funds to pay for the services of a home dialysis aide, although the cost of supplies for the machine and for the training of an aide are covered.

Although I understand that one of the purposes of home dialysis is to lower cost of dialysis by replacing expensive institutional labor with an unpaid aide, or self-dialysis, I think we should give serious consideration to the possibility of offering an alternative to those very few individuals who no longer have an unpaid aide available, but do have dialysis equipment installed in their homes.

In consulting with representatives of the National Kidney Foundation, it was recognized that there would be a number of potential problems to any provision authorizing blanket availability of paid assistants to patients on home dialysis. We agreed, nevertheless, that

this was certainly a problem worthy of careful consideration.

I, therefore, today offered amendment No. 749 to H.R. 3153 as reported, to authorize the Commissioner of Social Security to undertake a study to determine the feasibility and appropriateness of providing payments under title XVIII for the services of aides for home dialysis patients.

Mr. LONG. Mr. President, I would urge that we vote on the amendments by voice vote.

The PRESIDING OFFICER (Mr. BARTLETT). The question is on agreeing, en bloc, to amendments numbered 640, 644, 645, 731, 739, 747, 748, and 749.

The amendments were agreed to en bloc.

#### AMENDMENT NO. 751

Mr. MCINTYRE. Mr. President, I call up my amendment No. 751.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MCINTYRE. I ask unanimous consent that the reading of the amendment be dispensed with.

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

Mr. MCINTYRE'S amendment (No. 751) is as follows:

#### TITLE IV—CONSOLIDATION OF REPORTING OF WAGES FOR INCOME TAX AND SOCIAL SECURITY INSURANCE PURPOSES

##### SHORT TITLE

SEC. 401. This title may be cited as the "Combined Old-Age, Survivors, and Disability Insurance-Income Tax Reporting Amendments of 1973".

#### PART A—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

##### VERIFICATION OF TAX DATA AND FINANCING OF THE COST THEREOF

SEC. 402. (a) Title II of the Social Security Act is amended by adding after section 232 (as added by section 107 of this Act) the following new section:

##### "PROCESSING OF TAX DATA

"SEC. 233. The Secretary of the Treasury shall make available information returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F of the Internal Revenue Code of 1954, to the Secretary for the purposes of this title and title XI. The Secretary and the Secretary of the Treasury are authorized to enter into an agreement for the processing by the Secretary of information contained in returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F of the Internal Revenue Code of 1954. Notwithstanding the provisions of section 6103(a) of the Internal Revenue Code of 1954, the Secretary of the Treasury shall make available to the Secretary such documents as may be agreed upon as being necessary for purposes of such processing. The Secretary shall process any withholding tax statements or other documents made available to him by the Secretary of the Treasury pursuant to this section. Any agreement made pursuant to this section shall remain in full force and effect until modified or otherwise changed by mutual agreement of the Secretary and the Secretary of the Treasury."

(b) Section 233 of the Social Security Act, as added by subsection (a) of this section shall be effective with respect to statements reporting income received after 1973.

(c) (1) Section 201(g)(1) of such Act is amended to read as follows:

"(g)(1)(A) The Managing Trustee of the Trust Funds (which for purposes of this

paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII) is directed to pay from the Trust Funds into the Treasury—

"(1) the amounts estimated by him and the Secretary of Health, Education, and Welfare which will be expended, out of moneys appropriated from the general fund in the Treasury, during a three-month period by the Department of Health, Education, and Welfare and the Treasury Department for the administration of titles II, XVI, and XVIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954, less

"(1) the amounts estimated (pursuant to the method prescribed by the Board of Trustees under paragraph (4) of this subsection) by the Secretary of Health, Education, and Welfare which will be expended out of moneys made available for expenditures from the Trust Funds, during such three-month period to cover the cost of carry out the functions of the Department of Health, Education, and Welfare, specified in section 233, which relate to the administration of provisions of the Internal Revenue Code of 1954 other than those referred to in clause (1).

Such payments shall be carried into the Treasury as the net amount of repayments due the general fund account for reimbursement of expenses incurred in connection with the administration of titles II, XVI, and XVIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. A final accounting of such payments for any fiscal year shall be made at the earliest practicable date after the close thereof. There are hereby authorized to be made available for expenditure, out of any or all of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of administration of this title and of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 233, which relate to the administration of provisions of the Internal Revenue Code of 1954 other than those referred to in clause (1) of the first sentence of this subparagraph.

"(B) After the close of each fiscal year the Secretary of Health, Education, and Welfare shall determine the portion of the costs, incurred during such fiscal year, of administration of this title, title XVI, and title XVIII and of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 233, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clauses, (1) of the first sentence of subparagraph (A)), which should have been borne by the general fund in the Treasury and the portion of such costs which should have been borne by each of the Trust Funds; except that the determination of the amounts to be borne by the general fund in the Treasury with respect to expenditures incurred in carrying out such functions specified in section 233 shall be made pursuant to the method prescribed by the Board of Trustees under paragraph (4) of this subsection. After such determination has been made, the Secretary of Health, Education, and Welfare shall certify to the Managing Trustee the amounts, if any, which should be transferred from one to any of the other of such Trust Funds, and the amounts, if any, which should be transferred between the Trust Funds (or one of the Trust Funds) and the general fund in the Treasury, in order to insure that each

of the Trust Funds and the general fund in the Treasury have borne their proper share of the costs, incurred during such fiscal year, of administration of this title and of carrying out the functions of the Department of Health, Education and Welfare, specified in section 233, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (1) of the first sentence of subparagraph (A)). The Managing Trustee is authorized and directed to transfer any such amounts in accordance with any certification so made."

(2) Subsection (g) of such section is further amended by adding at the end thereof the following new paragraph:

"(4) The Board of Trustees shall prescribe before January 1, 1977, the method of determining the costs which should be borne by the general fund in the Treasury of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 233, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (1) of the first sentence of paragraph (1)(A)). If at any time or times thereafter the Boards of Trustees of such Trust Funds deem such action advisable, they may modify the method so determined."

(d) Any persons the Board of Trustees finds necessary to employ to assist it in performing its functions under section 201(g)(4) of the Social Security Act may be appointed without regard to the civil service or classification laws, shall be compensated, while so employed, at rates fixed by the Board of Trustees, but not exceeding \$100 per day, and, while away from their homes or regular places of business, they may be allowed traveling expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

(e) The Secretary shall not make any estimates pursuant to section 201(g)(1)(A)(ii) of the Social Security Act before the Board of Trustees prescribes the method of determining costs as provided in section 201(g)(4) of such Act. The determinations pursuant to section 201(g)(1)(B) of the Social Security Act with respect to the carrying out of the functions of the Department of Health, Education, and Welfare, specified in section 233 of such Act, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (1) of the first sentence of section 201(g)(1)(A) of the Social Security Act), during fiscal years ending before the Board of Trustees prescribes the method of making such determinations, shall be made after the Board of Trustees has prescribed such method. The Secretary of Health, Education, and Welfare shall certify to the Managing Trustee the amounts that should be transferred from the general fund in the Treasury to the Trust Funds (as referred to in section 201(g)(1)(A) of the Social Security Act) to insure that the general fund in the Treasury bears its proper share of the costs of carrying out such functions in such fiscal years. The Managing Trustee is authorized and directed to transfer any such amounts in accordance with any certification so made.

(f) Section 6103 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(g) DISCLOSURE OF INFORMATION TO SECRETARY OF HEALTH, EDUCATION, AND WELFARE.—The Secretary or his delegate is authorized to make available to the Secretary of Health, Education, and Welfare information returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F for the purpose of carrying out, in accordance with an agreement entered into pursuant to section 233 of

the Social Security Act, an effective information return processing program.”.

CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR YEARS

SEC. 403. (a) Section 212 of the Social Security Act is amended to read as follows:

“CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR YEARS

“SEC. 212. (a) For the purpose of determining average monthly wage, quarters of coverage, and coverage credits with respect to self-employment income derived by an individual during any taxable year which begins before 1974, the amount of such self-employment income shall be credited to calendar quarters as follows:

“(1) In the case of a taxable year which is a calendar year the self-employment income of such taxable year shall be credited equally to each quarter of such calendar year.

“(2) In the case of any other taxable year the self-employment income shall be credited equally to the calendar quarter in which such taxable year ends and to each of the next three or fewer preceding quarters any part of which is in such taxable year.

“(b) For the purposes of determining average monthly wage and coverage credits with respect to self-employment income derived by an individual during any taxable year which begins after 1974, the amount of such self-employment income shall be credited to calendar years as follows:

“(1) In the case of a taxable year which is a calendar year or which begins with or during a calendar year and ends with or during such year the self-employment income for such taxable year shall be credited to such calendar year.

“(2) In the case of any other taxable year the self-employment income shall be allocated proportionately to the two calendar years, portions of which are included within such taxable year, on the basis of the number of months in each such calendar year which are included completely within the taxable year, including as one of such calendar months the month in or with which the taxable year ends, even though only part of such month is included in that taxable year.”

(c) The amendment made by subsection (a) shall take effect January 1, 1974.

QUARTER OF COVERAGE AND COVERAGE CREDIT

SEC. 404. (a) The heading of section 213 of the Social Security Act is amended to read as follows:

“QUARTER, QUARTER OF COVERAGE, AND COVERAGE CREDIT”

(b) Section 213(a)(2) of such Act is amended to read as follows:

“(2) The term ‘quarter of coverage’ means a quarter, occurring before 1974, in which the individual has been paid \$50 or more in wages (except wages for agricultural labor paid after 1954 and before 1974) or for which he has been credited (as determined under section 212) with \$100 or more in self-employment income except that—

“(A) 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;

“(B) if the wages paid to any individual in any calendar year equal—

“(1) \$3,000 in the case of a calendar year before 1951;

“(ii) \$3,600 in the case of a calendar year after 1950 and before 1955,

“(iii) \$4,200 in the case of a calendar year after 1954 and before 1959,

“(iv) \$4,800 in the case of a calendar year after 1958 and before 1966,

“(v) \$6,600 in the case of a calendar year after 1965 and before 1968,

“(vi) \$7,800 in the case of a calendar year after 1967 and before 1972,

“(vii) \$9,000 in the case of a calendar year after 1971 and before 1973,

“(viii) \$10,800 in the case of a calendar year after 1972 and before 1974,

“(ix) \$13,200 in the case of the calendar year 1974, or

“(x) 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 subparagraph (A)) be a quarter of coverage;

“(C) 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—

“(i) \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955,

“(ii) \$4,200 in the case of a taxable year ending after 1954 and before 1959,

“(iii) \$4,800 in the case of a taxable year ending after 1958 and before 1966,

“(iv) \$6,600 in the case of a taxable year ending after 1965 and before 1968,

“(v) \$7,800 in the case of a taxable year ending after 1967,

“(vi) \$9,000 in the case of a taxable year beginning after 1972 and before 1973,

“(vii) \$10,800 in the case of a taxable year beginning after 1972 and before 1974,

“(viii) \$13,200 in the case of a taxable year beginning after 1973 and before 1975, or

“(ix) 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 subparagraph (A)) be a quarter of coverage;

“(D) if an individual has self-employment income in a taxable year which begins in 1973 and ends in 1974 and the sum of such self-employment income and the wages paid to him in such taxable year equals \$10,800, each calendar quarter of calendar year 1973 any part of which is included in such taxable year shall (subject to subparagraph (A)) be a quarter of coverage;

“(E) if an individual is paid wages for agricultural labor in a calendar year after 1954 and before 1974, then, subject to subparagraph (A)—

“(1) 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;

“(ii) 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;

“(iii) 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

“(iv) 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

“(F) no quarter shall be counted as a quarter of coverage before the beginning of such quarter.

If, in the case of any individual who has attained age 62 or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954 and before 1974 the requirements for insured status in subsection (a) or (b) of section 214 of this title the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216(1) of this title are not met against assignment of quar-

ters of coverage to quarters in such year as provided in subparagraph (E) of this paragraph, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters. If, in the case of an individual who did not die before January 1, 1955, and who attained age 62 (if a woman) or age 65 (if a man) or died before July 1, 1957, the requirements for insured status in section 214(a)(3) of this title are not met because of his having too few quarters of coverage but would be met if his quarters of coverage in the first calendar year in which he had any covered employment had been determined on the basis of the period during which wages were earned rather than on the basis of the period during which wages were paid (any such wages paid that are reallocated on an earned basis shall not be used in determining quarters of coverage for subsequent calendar years), then upon application filed by the individual or his survivors and satisfactory proof of his record of wages earned being furnished by such individual or his survivors, the quarters of coverage in such calendar year may be determined on the basis of the periods during which wages were earned.”

(c) Such section 213 is further amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

“Crediting of Coverage Credits

“(b) For purposes of this title:

“(1) To each calendar quarter, in a calendar year before 1974, which is a quarter of coverage (as defined in subsection (a)), there shall be credited one coverage credit.

“(2) In any calendar year after 1973 in which the total of the wages paid to an individual and the self-employment income credited to him under section 212 equal \$100 or more, the number of coverage credits credited to such calendar year shall be the number appearing in column II of the following table on the line on which in column I appears the total of such wages and self-employment income.

I	II
Total wages and self-employment income for a calendar year	Coverage credits
\$100 or more, but less than \$200	1
\$200 or more, but less than \$300	2
\$300 or more, but less than \$400	3
\$400 or more	4

“(3) Coverage credits which are credited to any calendar year after 1973 for any individual shall be deemed credited on the first day of such year; except that in the case of the following calendar years not more than one coverage credit may be credited before April 1, not more than two may be credited before July 1, and not more than three may be credited before October 1 and, in the case of any such year, no coverage credit may be credited after the date on which such individual died—

“(A) for purposes of section 214(a), the first year in which he both attained age 62 and would be a fully insured individual had his coverage credits for such year been credited on the first day thereof, or the year in which he died;

“(B) for purposes of section 214(b), the year in which such individual died or became entitled to old-age insurance benefits and the year immediately preceding such year;

“(C) for the purposes of section 216(1)(3), the year in which a period of disability could have begun for such individual if his coverage credits for such year had been credited on the first day thereof;

“(D) for the purposes of section 223(c)(1)(B), the year in which a waiting period could have begun for such individual if his cov-



erage credits for such year had been credited on the first day thereof.

"(4) If an individual has self-employment income in a taxable year which begins in 1973 and ends in 1974 and the sum of such self-employment income and the wages paid to him in such taxable year equals \$10,800, coverage credits credited to the calendar year 1974 shall be equal to not less than the number of calendar quarters in 1974 any part of which are included in such taxable year.

"(5) Notwithstanding the preceding provisions of this subsection, coverage credits may not be credited with respect to any individual to any calendar year any part of which is included in a period of disability (other than the initial and last calendar years of such period), or to any calendar year after the year in which he dies."

(d) The amendments made by this subsection shall take effect January 1, 1974.

#### FULLY INSURED STATUS

Sec. 405. (a) Section 214(a) of the Social Security Act is amended to read as follows:

##### "FULLY INSURED INDIVIDUAL

"(a) The term 'fully insured individual' means any individual who had—

"(1) a number of coverage credits (when-ever acquired) not less than one credit for each of the years elapsing—

"(A) after (i) December 31, 1950, or (ii) if later, December 31 of the year in which he attained the age of 21, and

"(B) before (i) the year in which he died, or (ii) if earlier, the year in which he attained age 62, except that in no case shall an individual be a fully insured individual unless he has at least six coverage credits; or

"(2) forty coverage credits; or

"(3) in the case of an individual who died before 1951, six coverage credits;

not counting as an elapsed year for purposes of paragraph (1) any year any part of which was included in a period of disability (as defined in section 216(i) of this title) except the calendar year in which such period began if two or more coverage credits were credited to such year, and the calendar year in which such period ended if two or more coverage credits were credited to such year."

(b) The amendments made by this section shall apply with respect to lump-sum death payments under title II of the Social Security Act in the case of deaths occurring after, and monthly benefits under such title II for months after, December 31, 1973, based on applications filed after such day.

##### CURRENTLY INSURED STATUS

Sec. 406. (a) Section 214(b) of the Social Security Act is amended to read as follows:

##### "Currently Insured Individual

"(b) The term 'currently insured individual' means any individuals who—

"(1) has not less than six quarters of coverage during the thirteen-quarter period ending with—

"(A) the quarter in which he died,

"(B) the quarter in which he became entitled to old-age insurance benefits,

"(C) the quarter in which he became entitled to primary insurance benefits under this title as in effect before enactment of this section, or

"(D) in the case of any individual entitled to disability insurance benefits, the quarter in which he most recently became entitled to disability insurance benefits, not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage; or

"(2) had not less than six coverage credits which were credited to the period consisting of—

"(A) the year in which he died,

"(B) the year in which he became entitled to old-age insurance benefits, or

"(C) in the case of any individual entitled to disability insurance benefits, the year in which he most recently became entitled to disability insurance benefits,

and the two calendar years immediately preceding such year, not counting as part of such three-year period any calendar year any part of which was included in a period of disability (as defined in section 216(i)) except, in the case of an individual who does not otherwise meet the requirements of this paragraph, the calendar year in which such period began or the calendar year in which such period ended if he would meet such requirements by reason of the inclusion of such year and the coverage credits credited to such year, or both such years if he would meet such requirements by reason of the inclusion of such years and the coverage credits credited to them."

(b) The amendments made by this section shall take effect January 1, 1974.

#### PERIOD OF DISABILITY

Sec. 407. (a) Section 216(i)(3) of the Social Security Act is amended to read as follows:

"(3) The requirements referred to in clauses (i) and (ii) of paragraph (2)(C) are satisfied by an individual with respect to any day only if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on such day, except that the provisions of this subparagraph shall not apply in the case of any individual with respect to whom a period of disability would, but for such provisions, begin before 1951; and

"(B) (i) he had not less than 20 quarters of coverage during the 40-quarter period which ends with the quarter in which such day occurred, not counting as part of such 40-quarter period any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage; or

"(ii) he had not less than 20 coverage credits which were credited to the period ending on such day and consisting of that part of the year in which such day occurred up to such day and the nine calendar years immediately preceding the year in which such day occurred, not counting as part of such period any year any part of which was included in a prior period of disability except, in the case of an individual who does not otherwise meet the requirements of this clause, the calendar year in which such prior period began or the calendar year in which such prior period ended if he would meet such requirement by reason of the inclusion of such year and the coverage credits credited to such year, or both such years if he would meet such requirement by reason of the inclusion of such years and coverage credits credited to them."

(b) Section 216(i)(2)(C)(ii) of such Act is amended by striking out "of the first quarter thereafter in which" and inserting in lieu thereof "thereafter on which".

(c) The amendments made by this section shall take effect January 1, 1974.

#### INSURED STATUS FOR DISABLED INSURANCE BENEFITS

Sec. 408. (a) Section 223(c)(1)(B) of the Social Security Act is amended by inserting "(1)" after "(B)" and by inserting before the period at the end thereof the following: ", or (ii) he had not less than 20 coverage credits which were credited to the period ending on such day and consisting of that part of the year in which such day occurred up to such day and the nine calendar years immediately preceding the year in which such day occurred not counting as part of such period any calendar year any part of which was included in a prior period of disability except, in the case of an in-

dividual who does not otherwise meet the requirements of this clause, the calendar year in which such prior period began or the calendar year in which such prior period ended if he would meet such requirement by reason of the inclusion of such year and the coverage credits credited to such year, or both such years if he would meet such requirements by reason of the inclusion of such years and the coverage credits credited to them."

(b) The amendments made by subsection (a) shall take effect January 1, 1974.

#### MISCELLANEOUS CONFORMING CHANGES

Sec. 409. (a) (1) Section 215(d)(2)(A) of such Act is amended to read as follows:

"(A) with respect to whom at least one coverage credit was credited to years before 1951."

(2) Section 215(d)(2)(B) of such Act is amended by striking out "with respect to whom less than six of the quarters elapsing after 1950 are quarters of coverage" and inserting in lieu thereof "with respect to whom less than six coverage credits were credited to years after 1950".

(b) Section 205(c)(1) is amended by adding at the end thereof the following new paragraph:

"(D) The term 'period' when used with respect to self-employment income means a taxable year (as defined in section 211(c)) and when used with respect to wages means—

"(i) a quarter (as defined in section 213(a)(1)) if wages paid to the individual were reported or should have been reported on a quarterly basis (a) on tax returns filed with the Commissioner of Internal Revenue under the Federal Insurance Contributions Act or regulations thereunder, or (b) on information returns filed by a State pursuant to an agreement under section 218 or regulations of the Secretary thereunder.

"(ii) a calendar year if wages paid to the individual were reported or should have been reported on a yearly basis on such tax returns or on such information returns, or

"(iii) the half year beginning January 1 or July 1 in the case of wages paid or alleged to have been paid during the calendar year 1937."

(c) Section 202(t)(4)(A) of such Act is amended to read as follows:

"(A) the individual on whose wages and self-employment income such benefit is based had not less than 40 coverage credits which were credited to the period ending with the year in which such month occurred, or"

(d) Section 202(u)(1)(C) of such Act is amended by striking out "calendar quarter" each place it appears and inserting in lieu thereof "calendar year".

(e) Clause (iv) of section 102(f)(2)(A) of the Social Security Amendments of 1954 is amended to read: "(iv) with respect to whom not less than six coverage credits (as defined in section 213 of such Act) have been credited to the period after June 1953, or"

(f) The first sentence of such section 102(f)(2)(B) is amended by striking out "and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage" and inserting in lieu thereof "and with respect to whom not less than six coverage credits have been credited to the period after June 30, 1953".

(g) Clause (i) of the third sentence of such section 102(f)(2)(B) is amended to read: "(i) if the application is filed by such individual, for and after the twelfth month before the month in which the application therefor was filed by such individual but in no case for any month before the day as of which his sixth coverage credit in the period after June 30, 1953, was credited, or"

(h) The provisions of this section shall take effect January 1, 1974.

## DEFINITION

SEC. 410. As used in the provisions of the Social Security Act set forth in this part, the term "Secretary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

## PART B—AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

SEC. 420. (a) Section 3(e) of such Act is amended by inserting after "quarters of coverage" where it first appears the following: "with respect to employment in any calendar year before 1974";

(b) Section 5(1)(5) of such Act is amended by inserting "and any coverage credit" after "quarter of coverage";

(c) Section 5(1)(9) of such Act is amended by changing the period at the end of the second proviso thereof to a comma and inserting thereafter the following: "Except that for any calendar year after 1974, there shall not be excluded from this divisor that number of calendar quarters as equals the number of coverage credits, as defined in the Social Security Act, credited to him for such year."

SEC. 421. The amendments made by subsection (a) of section 420 of this part shall be effective upon enactment. The amendments made by the other subsections of such section 420 shall apply with respect to all annuities under the Railroad Retirement Act of 1937 accruing after 1973; and shall apply with respect to lump-sum benefits under section 5(f) of such Act on the basis of deaths occurring after 1973.

Mr. MCINTYRE. Mr. President, I ask unanimous consent that Mr. Evans of the staff of the Select Committee on Small Business be accorded the privilege of the floor during the debate on this amendment.

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

Mr. MCINTYRE. Mr. President, I offer the amendment for myself and the following cosponsors: Senators COTTON, HUMPHREY, McCLELLAN, PERCY, BAYH, MCGEE, DOMINICK, NUNN, GRAVEL, NELSON, BIBLE, MONTOYA, and CHURCH.

Mr. President, the amendment which I submit today should be noncontroversial.

It is identical to S. 2445 which I introduced on September 19, 1973, cosponsored by 27 Senators, and would amend the provisions of the Social Security Act to consolidate the reporting of wages by employers for income tax withholding and old-age survivors, and disability insurance purposes.

This amendment would change the present quarterly wage reporting system for social security purposes—IRS Form 941—to an annual system utilizing the existing IRS Form W2. It would accomplish this by a series of some 40 technical changes to the present Social Security Act and to the Internal Revenue Code of 1954, as amended.

The main objective which I seek by this amendment is to reduce part of the most difficult and costly Federal paperwork burden on small business: The Internal Revenue Service Form 941. This form, which falls most heavily on small- and medium-sized businesses, costs employers \$235 million per year in clerical and accounting costs, according to the President's Advisory Council on Management Improvement. This particular form

has been singled out by the National Federation of Independent Business as one of the most onerous of the paperwork forms imposed by the Federal Government. In an NFIB survey it was estimated by about 65 percent of the businesses contacted that their overhead costs could be significantly reduced if this form were changed from a quarterly to an annual report.

Mr. President, the amendment I propose today would accomplish savings to both the business community and the Federal Government which processes approximately 175 million reports of wage payments per year. This would be significant, especially when the General Accounting Office calculates that the processing of paperwork costs the Federal Government over \$15 billion a year, which accounts for approximately 6 percent of Federal expenditures in fiscal 1973.

It now costs \$7 billion more per year to process Federal paperwork than it did 6 years ago, and \$11 billion more per year than paperwork costs in 1955. The astronomical rise in Federal paperwork costs serves to emphasize the urgency of the paperwork problem for small business.

On September 18, 1971, the President's Advisory Council on Management Improvement submitted a report which urged the President to consider establishing a system of annual reporting, and had this to say:

A system of a single annual wage report, technically feasible and administratively adequate, would result in savings to business estimated in excess of \$200 million annually; and in substantial net savings within the Internal Revenue Service and the Social Security Administration.

The President's Council in the conclusion of its report went on to state:

A study of the advantages of a single annual report against objections raised over the past twenty years indicates that:

1. Data processing systems have made tremendous strides since the initial proposal that a single reporting system is not only technically feasible but also administratively adequate.
2. The objections raised in the past are no longer of sufficient weight to continue the now obsolescent system.
3. The annual reduction in the number of reports submitted by business is estimated at approximately 18 million, with a savings in excess of 200 million dollars. Savings to the Federal Government would be reflected in a reduction in operating costs and increased compliance income, but accurate estimates of dollars savings will have to wait on the development of the system.

On April 17, 1973, the Subcommittee on Government Regulation, which I chair, after 2 years of hearings into the Federal paperwork burden, submitted a report to the Senate which also recommended abolishment of the quarterly system in favor of an annual wage reporting system.

On July 20, 1973, Secretary of the Treasury George P. Shultz advised me that:

One real opportunity for reducing paperwork is the proposal for limiting the duplication between Internal Revenue and Social Security reports on the wages of individual employees. The Office of Management and Budget has asked the Treasury and the De-

partment of Health, Education and Welfare to work out means of accomplishing this. This work is in progress.

The changes in the reporting of wages to be accomplished by this amendment would not have any adverse effect on the ability of the social security claimant to receive a quick determination of eligibility. In fact, the annual wage reporting system replacing quarterly reporting could utilize demand reporting on a case-by-case basis, thus enhancing the recipient's ability to have a quick determination by the Social Security Administration.

I feel certain that the Administration as well as the business community wholeheartedly urges the reorganization of our quarterly wage reporting system into a simplified annual report.

Mr. President, I ask unanimous consent to have printed in the Record the letter dated July 20, 1973, from Secretary of the Treasury Shultz.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE SECRETARY OF THE TREASURY,  
Washington, D.C., July 20, 1973.

HON. THOMAS J. MCINTYRE,  
Chairman, Subcommittee on Government Regulation, Select Committee on Small Business, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of April 24 requesting the Treasury's views on pertinent parts of an attached report of the Senate Select Committee on Small Business dealing with the Federal paperwork burden.

We appreciate the opportunity to review the report.

Insofar as paperwork is increased by statutory complexities, I can assure you that it is the objective of both the President and the Secretary of the Treasury to develop and promote remedial legislation. In this connection, I think you will be interested in the statement that I made on April 30, 1973, to the Ways and Means Committee on this and related subjects. A copy is enclosed.

One real opportunity for reducing paperwork is the proposal for limiting the duplication between Internal Revenue and Social Security reports on the wages of individual employees. The Office of Management and Budget has asked the Treasury and the Department of Health, Education, and Welfare to work out means of accomplishing this. This work is in progress.

The other comments of your Committee relate to administrative aspects of the Internal Revenue Service. I understand the Commissioner, Donald C. Alexander, has already given his views on these matters. I am enclosing a copy of his comments.

If we can be of further assistance to your Committee, please let me know.

Sincerely yours,

GEORGE P. SHULTZ.

Mr. MCINTYRE. Mr. President, I point out to the Senate that the Office of Management and Budget, the Treasury, and the Internal Revenue Service, which are part of the Treasury, of course, are all in agreement that this is a good amendment, and I urge its adoption.

Mr. LONG. Does the Senator from New Hampshire say that the Treasury agrees to this amendment?

Mr. MCINTYRE. That is correct.

Mr. LONG. It is my understanding that the long-range cost of this amendment will amount to \$1.5 billion a year. Is that according to the Senator's estimate?

Mr. McINTYRE. The manager of the bill said what—\$1.5 billion?

Mr. LONG. That is what my understanding is, in referring to amendment No. 751. Is that correct?

Mr. McINTYRE. That is the right amendment.

Mr. LONG. I am advised by staff that this amendment would cost \$1.5 billion per year in the long run, because it would require us to give four quarters a year of social security credit to individuals who might have worked only during a single month, on perhaps during the Christmas holidays, \$400 a year. That would cost .25 percent of the payroll. The payroll being \$600 million, that would work out to \$1.5 billion a year to provide benefits to people who probably would not qualify under existing law by giving them credit for four quarters of work, when they might have worked only for one quarter. Is that correct?

Mr. McINTYRE. I would say to the Senator from Louisiana that that is not correct. The reports from which I quoted is from the President's Advisory Commission on Management Improvement, from Secretary Shultz and from the Office of Management and Budget. They took a hard look at each objection which was filed by the States and others to the change, and refuted them completely.

Mr. LONG. Does the Senator have a letter from the Treasury favoring this amendment?

Mr. McINTYRE. I included it in the RECORD. It is from the Secretary of the Treasury dated July 20, 1973. Let me read the fourth paragraph—if the Senator want me to, I can read him the whole letter. Let me read the fourth paragraph:

One real opportunity for reducing paperwork is the proposal for limiting the duplication between Internal Revenue and Social Security reports on the wages of individual employees. The Office of Management and Budget has asked the Treasury and the Department of Health, Education and Welfare to work out means of accomplishing this. This work is in progress.

Mr. LONG. May I see that letter, Senator?

Mr. McINTYRE. Of course. Here it is.

Mr. LONG. Well, Senator what bothers the manager of the bill is that this refers apparently to a report of the Small Business Committee but does not refer to this amendment. I am all in favor of reducing paperwork for those who have to make reports to the Government, including tax returns, and so forth. But when we see an amendment that will cost \$1.5 billion—where, in order to reduce the paperwork of business filing reports, and so forth, it will cost \$1,500,000,000 per year as an unintended or a windfall benefit to people who have not earned it, that would concern me very seriously.

In other words, I would say, why does not the Senator submit his amendment to us and give us a chance to work on this matter with the Treasury and others and see if we cannot find some way to reduce the paperwork that would not cost the Government well over a billion dollars a year and that would not have

the effect of extending people credit for four quarters of work when they only worked for a brief period of time, say, during one quarter of the year. There are just a lot of things here that we can do to help the poor more than giving someone credit for four quarters when they work only one quarter, or, say, only at Christmastime.

Mr. McINTYRE. Does the Senator have a paper there that talks about this cost and other things—the \$1,250 million, or is it something the Senator has by virtue of getting it from his staff?

Mr. LONG. That was given to us over the telephone. We have not had time to get this in the mail. This amendment was submitted on November 29. This is November 30. It is an amendment that would cost us \$1,500 million and could have the result that people would be entitled to four quarters of credit if they only did 1 week's work.

Mr. McINTYRE. My position would be that they would not be entitled to it, either.

Mr. LONG. Let me read from page 16 on line 14 of the Senator's amendment:

"(2) In any calendar year after 1973 in which the total of the wages paid to an individual and the self-employment income credited to him under section 212 equals \$100 or more, the number of coverage credits credited to such calendar year shall be the number appearing in column II of the following table on the line on which in column I appears the total of such wages and self-employment income.

Then there is a table which follows, and the Senator will see that is under the \$400 figure—and I ask unanimous consent that this table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

I	II
Total wages and self-employment income for a calendar year	Coverage credits
\$100 or more, but less than \$200.....	1
\$200 or more, but less than \$300.....	2
\$300 or more, but less than \$400.....	3
\$400 or more.....	4

Mr. LONG. Mr. President, where a person has \$400 in total wages and self-employment income for calendar year, he gets credit for four quarters. That could mean working only during the Christmas shopping season and we would be required, under the law, to credit that person for a whole year of hard work. That would cost the Government \$1,500 million a year to carry those increased benefits on for the remainder of that person's life, even though that person had only worked during the Christmas season or, let us say, for a single week in December.

I doubt very much that the Senator would want to create that kind of inequity in the social security laws, although I would certainly like to cooperate on any reasonable basis on which we could reduce the paperwork because there is undoubtedly too much paperwork now going on in Government activities.

Mr. McINTYRE. In working up the amendment, and checking the various agencies, we ran across no such adverse opinion. It is my opinion that we are

offering a good amendment and that there would be no cost as a result of the amendment. Therefore, I think the only way to handle it is to have the yeas and nays.

Mr. LONG. The social security, of course, have to concern themselves with the cost of this, because they must concern themselves with what it cost-in the long run to do this.

Might I suggest, in a spirit of compromise, that we consider this matter in connection with the next social security bill. There is one that the House has sent us. I am informed that the House is proposing not to act on this bill we have here at all until we send a subsequent social security bill, which is the one in which they are really interested.

So we will have another opportunity to act, and it will give us a chance to study this matter and see if there is some way we can cooperate with the Senator in reducing paperwork. We would like to do that. We, of course, would not like to give somebody a great deal of benefit far beyond anything he has earned. We have to concern ourselves about the cost of this program, just as the Senator does as to the cost of those things in the armed services that come before the Committee on Armed Services and the other committees.

I hope the Senator will consider withholding his amendment at this time and giving us a chance to do justice to it and study it in the committee, to see if we can find a way to help him achieve what he trying to achieve. As I understand, it is not an attempt to expand the benefit; it is for the purpose of reducing the paperwork burden on people that the Senator has in mind. If that is so, I would like to help him. I do not want to vote for something that would cost a great deal of money that was never anticipated.

Mr. McINTYRE. I say to the Senator from Louisiana that the sole objective in the inquiries we are making in the various Departments of Government is to try to find out where unnecessary and duplicative paperwork is required. Over the past 2 years, as I have said, it has been determined that of all the forms that the employer has to fill out, none is more burdensome or more expensive than this form that he has to file every quarter.

What do we find with respect to some of those inquiries? The answers that come back to us from some bureaucrats are, "We would rather have them filed quarterly than annually, because if they are filed annually, it is going to disrupt our workload."

We would like to take the load off the small businessman of America in this instance. The one reason we can not do it in more instances is that a few bureaucrats might lose their jobs.

I do not want to be the proponent of any amendment that is going to cost this country \$1.25 billion. I would like to have the solemn assurance of the distinguished Senator from Louisiana that it will be taken up in the next social security bill. This amendment, in bill form, is in the Senator's committee now. It was

submitted to the committee in September of this year. I would very much like to push forward on it.

It is a shame for the proponents of this amendment to come in and be given a talk, with respect to their plea to adopt this amendment, that it is going to cost \$1.25 billion; whereas, for 2 years we have heard no such analysis. If any such analysis had emanated from the Government, this amendment could have been dropped a long time ago.

Mr. LONG. That is what they have told us by telephone. I hope the Senator sees the basis upon which they arrive at that estimate.

I would be glad to give the Senator the assurance he has in mind. I will invite him right now to meet with the Committee on Finance with respect to the other social security bill, on which we should act this year. We should act between now and Christmas. I am led to believe that the House is not going to consider the bill that is now before the Senate until we do act on the other bill. I will try to help the Senator work this matter out, and I hope the committee will go along with us in helping him solve the paperwork problem, without bringing about a large, unintended cost that we really did not intend.

If the Senator will be kind enough to give us the opportunity, I assure him that his amendment will receive every consideration; and we will try to make our suggestions in any way that can be helpful to bring about the result the Senator desires.

Mr. MCINTYRE. Mr. President, I am willing to withdraw the amendment at this time, with the assurances I have received from the Senator from Louisiana.

I should like to say for the record that the amendment we are bringing up at this time deals with the most burdensome and worst example of paperwork that is foisted on the American public, the consumer, the small businessman, the mom-and-pop stores throughout this country. It is an example of the unnecessary and burdensome paperwork that is too prevalent in Government today.

This is only the initial step, so far as the Senator from New Hampshire is concerned, to move this monolithic bureaucracy, to get rid of some of this paperwork that is polluting this Government.

Mr. President, I withdraw my amendment, with the assurance that we will move rapidly on the other bill. If we find that it does not result in a cost of \$1,250,000,000, we will have it in the next social security bill.

Mr. LONG. I thank the Senator. I will do the best I can to help him achieve the result he has in mind, consistent with trying to keep the cost of the program within manageable proportions. I thank him very much.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. CURTIS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. DOLE). The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CURTIS. 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 sections 101 through 106 and insert in lieu thereof the following:

#### INCREASE IN SOCIAL SECURITY BENEFITS

Sec. 101. (a) Section 201 of Public Law 93-66 is amended—

(1) by striking out "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" in subsection (a)(1) and inserting in lieu thereof "10 per centum"; and

(2) by striking out "except that the amount of such increase shall be based on the increase in the Consumer Price Index described in subsection (a)" in subsection (b) and inserting in lieu thereof "except that the amount of such increase shall be 10 per centum."

(b)(1) Section 215(a)(3) of the Social Security Act is amended by striking out "\$8.50" and inserting in lieu thereof "\$9.40".

(2) The amendment made by paragraph (1) shall be effective with respect to benefits payable for months after May 1974.

(c) Notwithstanding any provision of title II of the Social Security Act—

(1) for purposes of the determination made under section 215(1)(2)(A) of such Act in the calendar year 1974 (and for purposes of sections 203(f)(3)(C) and 230 of such Act with respect to such determination), the "cost-of-living computation quarter" shall be the calendar quarter ending September 30, 1974; and

(2) for purposes of the first determination made under section 215(c)(2)(A) of such Act in a calendar year after 1974 which results in a finding of a "cost-of-living computation quarter" (and for purposes of sections 203(f)(3)(C) and 230 of such Act with respect to such determination), the "base quarter" shall be the calendar quarter ending September 30, 1974.

#### SUPPLEMENTAL SECURITY INCOME BENEFITS

Sec. 102. (a) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "March 1974".

(b) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "July 1974" and inserting "April 1974" in lieu thereof.

#### INCREASE IN EARNINGS BASE

Sec. 103. (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 strik-

ing 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. 104. (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 be-

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 1.60 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 1.0 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. 105. (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-employ-

ment 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, 1973, 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) 0.890 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".

Strike out section 121.

Mr. CURTIS. Mr. President, the pending amendment is the administration's version of the benefit increases they are in favor of and are in favor of having in this bill. There are reasons for the change in this schedule of benefits that are very compelling.

This amendment would change the effective date of the increases in social security. Under the proposal reported by the Committee on Finance, there would be a 7-percent increase in social security benefits effective immediately. There are many problems with respect to the issuance of checks immediately, and I will have something to say about that later.

The Finance Committee's recommendation, in addition to the 7 percent immediately, calls for a 4-percent increase in June of 1974—in other words, next June. The Finance Committee's bill calls for a 2-step increase in social security benefits totaling 11 percent.

The administration is in favor of an increase in social security benefits. As a matter of fact, percentagewise, the administration's proposal is more liberal toward the beneficiaries than is the committee amendment.

This is what the administration proposes: A 10-percent increase effective June 1974. This will be carried in the checks issued on July 3, 1974. Then they would have a 3-percent increase effective January 1975, which would be in the checks in February 1975. In other words, the administration proposal is a two-step increase totaling 13 percent, as contrasted with the committee proposal of a two-step increase totaling 11 percent.

There is a difference, however. The committee bill calls for the first increase to be paid immediately. That just cannot be done. We have 30 million social security beneficiaries. It is true that they use the latest in business machines, calculators, computers, and so forth. Nevertheless, 30 million envelopes have to be prepared; the computation has to be made; the checks have to be inserted; and they have to be mailed.

Now, it is estimated by the administration that if this bill should become law this month, they could not send out

the increases probably until about March, for the most simple calculations.

A primary beneficiary, an individual whose benefit is calculated on his own earnings, calls for a rather simple mechanical operation to compute the increase. If it is 7 or 10 percent, whatever it is, his benefit is so much. But on the other hand, there are secondary beneficiaries, widows, wives, dependents, and others, whose benefit is based upon a percentage of the benefit of the primary beneficiary. So a calculation has to be made as to how much the primary beneficiary would get and then a second calculation as to how much the secondary beneficiary would get, so it would take into April to effect a raise that would go into effect now.

That would mean issuance of a lump-sum payment. It would amount to several billion dollars that would have to be paid next spring.

Mr. President, I ask unanimous consent to have printed in the Record a statement prepared by the Social Security Administration entitled "Why It Isn't Possible To Pay a Social Security Benefit Increase Immediately."

There being no objection, the material was ordered to be printed in the Record, as follows:

#### 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 increase 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 simple 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 3 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 39 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 beneficiaries. 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 March 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. Nonetheless, 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.

Mr. CURTIS. Mr. President, I wish to be very frank. There are fiscal reasons for the position taken by the administration. Under the committee proposal for an immediate payment of this increase, even though it would be several months before everyone received his check, it would have a very sizable impact upon the fiscal position of the Government in this fiscal year. So with the computations and the added expense of calculating increases, and making a retroactive payment, one of the reasons for the position of the administration is the unusual burden that would be placed on the Government in this fiscal year.

To compensate and to anticipate the effects of the built-in increases by reason of inflation, the administration would make the increase payable a year from now; so the total package of the administration is a two-step increase, amounting to 13 percent as contrasted to a 2-year increase amounting to 11 percent.

Now, Mr. President, the difference is the timing for the people who get the checks. I am thoroughly convinced that this amendment should be adopted. I think the administration has gone further in social security increases than many of us feel. We are not unmindful of the increases last year, the built-in features; but nevertheless this is their proposal.

I have watched with interest the voting pattern in the Senate on this particular bill, and I do not anticipate that there is any chance of winning on this vote. There appears to be a determination to vote for a social security increase effective now, even though it will take several months for recipients to receive the money; and then there will be the impact on the Treasury and the economy of a multibillion dollar lump sum payment late in the spring.

Nevertheless, Mr. President, having observed the votes on this bill, on the side of restraint I feel it would not be a good use of time to insist upon a roll-call vote. I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The Senator from California is recognized.

#### IMPOUNDMENT BY REGULATION

Mr. CRANSTON. Mr. President, I would like to take this opportunity to express my general support for the basic provision in H.R. 3153—the legislation before us today—which, in effect, converts the 75-percent Federal matching funds under the social services program presently authorized under titles I, IV-

A, VI, X, XIV, and XVI of the Social Security Act to a social services revenue-sharing program.

This provision, part D of title I, of H.R. 3153 as reported from the Finance Committee, is a compromise which reflects the thrust of legislation, S. 2528—a measure which would have carefully drawn the boundaries of possible HEW regulations limiting expenditures by the States for social services—which, on October 3, I cosponsored with Senator MONDALE, the distinguished leader in this fight against the regressive new social services regulations the administration has been attempting to implement since February. Over 50 other Members of the Senate joined in cosponsoring this bill. S. 2528 was introduced in response to the latest set of HEW regulations which were issued on September 10 to take effect on November 1.

I am gratified that the Finance Committee has once again strongly rejected the administration's continued attempt to limit severely social service programs eligible for the 3 to 1 Federal match. The administration has sought, through these regulations, to impose a kind of impoundment by regulation. The Finance Committee and the Congress as a whole have strongly expressed their disapproval of this administration approach—most recently in an amendment to the Renegotiation Act, which suspended implementation of regulations proposed on May 1 to go into effect on July 1. These May 1 regulations reflect a revision of regulations originally proposed on February 16.

It is clear, Mr. President, that the administration is determined to press this restrictive approach, and I believe that the Finance Committee has acted most responsibly and appropriately in the face of administration refusal to respond to the wishes of the Congress in this matter. Apparently, decisionmakers at HEW did not garner the full meaning of the Congress' disapproval of the May 1 regulations. Rather, on September 10, HEW proposed a mere rehashing of the same restrictive approach that had been reflected in the other two sets of draft regulations. HEW simply proposes to "outwait" the Congress, and the people, and to keep attempting to implement these new regulations.

#### SOCIAL SERVICES PROVISION

Part D of title I of the committee bill is best described by the Senate Finance Committee itself—Senate Report No. 93-553, page 32—which states, and I quote:

#### COMMITTEE PROVISION

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

limitations or conditions on the receipt of such services.

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

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

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

The services listed are:

- (1) day care services for children,
- (2) day care services for children with special needs,
- (3) services for children in foster care,
- (4) protective services for children,
- (5) family planning services,
- (6) protective services for adults,
- (7) services for adults in foster care,
- (8) homemaker services,
- (9) chore services,
- (10) home delivered or congregate meals,
- (11) day care services for adults,
- (12) health-related services,
- (13) home management and other functional educational services,
- (14) housing improvement services,
- (15) a full-range of legal services,
- (16) transportation services,
- (17) educational and training services,
- (18) employment services,
- (19) information, referral and follow-up services,
- (20) special services for the mentally retarded,
- (21) special services for the blind,
- (22) services for alcoholism and drug addiction,
- (23) special services for the emotionally disturbed,
- (24) special services for the physically handicapped.

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

While the Committee bill is designed to give the States maximum flexibility in de-

signing and operating their social services program, the Committee feels that there should be a public record of the use which the States make of Federal social services funds. Accordingly, the Committee bill would require the States to submit an annual report on their use of funds for social services. The Committee expects that this report will show how much each State expended for each type of services. The report should also provide information on the extent to which social services funds were used for services to persons not actually on welfare and the extent to which such funds were used for the purchase of services from organizations outside the welfare agency.

The Committee emphasizes that under this reporting requirement, the Department of Health, Education, and Welfare would have the duty of requesting appropriate information from the States and of transmitting that information to the Congress in the form of an annual report. The Department's responsibility for providing this annual report is not, however, to be interpreted as authorizing the Department to impose upon the States complex and burdensome reporting procedures. Nor is the reporting requirement to be interpreted as placing upon the Department the burden of conducting audits to provide detailed verification of these reports.

The Committee bill includes a repeal of the provisions enacted in P.L. 92-512 under which the proportion of the Federal social services funds which each State could use for non-welfare recipients was limited to 10 percent (except in the case of specified high priority services). The \$2.5 billion annual limit on Federal funding for services is retained. The Committee bill also includes a provision making explicit in the statute that donated private funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services where such funds are transferred to the State, or local agency, are under its administrative control, and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

The new social services provisions would be effective as of November 1, 1973. However, the Committee bill would not result in fiscal 1974 Federal expenditures for social services exceeding \$1.9 billion, the amount included in the President's budget.

Each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of their expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining current expenditure levels and \$1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the \$2.5 billion limit enacted in 1972, except that \$50 million would be available for allocation by the Secretary of Health, Education, and Welfare as necessary to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the \$2.5 billion limit under a savings clause in Public Law 92-503) from falling below fiscal 1973 funding levels. It is anticipated that considerably less than \$50 million will be required to meet this objective, and the Committee bill provides that the remainder be allocated by the Secretary to States which would otherwise be limited under the basic formula to a relatively small part of their regular allocations under the full \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974. Part of this \$50 million could also be used for funding programs with a potential for

yielding a high level of benefits in relation to the costs involved.

#### FEDERAL INTERAGENCY DAY-CARE STANDARDS

Mr. President, while I support this basic compromise on social services as reported by the Finance Committee, I am very concerned that part D contains no provision to insure conformity of child-care programs supported under title IV-A with the Federal interagency day-care standards. Consequently, I co-sponsored and strongly supported Senator MONDALE's amendment adopted by a 67 to 20 vote to this bill to require that such programs meet the requirements of the interagency day-care standards of 1968.

I would also hope that, if fiscally possible under the allotment of funds, States would consider exercising their new flexibility under part D of title I to include services for all eligible handicapped individuals.

The new social services provisions as defined in H.R. 3153 would be effective—thereby nullifying the new regulations which have now been implemented. According to the Finance Committee, the new provision would result in fiscal 1974 Federal expenditures for social services not in excess of \$1.9 billion, the amount included in the President's budget.

#### ADMINISTRATION APPROACH

As I stated earlier, Mr. President, HEW has twice modified its original February proposal, and has now implemented it as of November 1. This latest version of these regulations, as with the previous issuances, is designed to limit which services may be offered and who is eligible for those services. This approach is contrary to the premise underlying the social services program—to help those who can get off welfare, and to help other low-income people avoid the necessity for welfare.

Mr. President, this entire, highly restrictive approach proposed by the administration is counter-productive. The new regulations will have a devastating effect on programs which the States developed out of the belief that 75-percent Federal funding was forthcoming. This after-the-fact restriction on eligible services will place an unbearable strain on already overloaded State and local government budgets.

In California, in particular, the impact will be disastrous—especially in the four California child-care programs which are presently funded under title IV-A of the Social Security Act. California has developed a highly sophisticated level of child-care services—giving it high priority in the State budgetary decisionmaking process. In fiscal year 1973 California had projected the use of some 67-percent of its social services allotment for child-care programs. Under the new HEW social services regulations, all four California child-care programs will either be eliminated as eligible for Federal social services funds—or be severely debilitated.

#### STATE PRESCHOOL PROGRAM

Mr. President, the California State preschool program, originally approved for title IV-A funding by HEW in 1965, is for children of nonworking mothers, most

of whom are current welfare recipients, and is designed to provide compensatory health, nutrition, education, and social services to overcome the effects of poverty and prepare disadvantaged children for regular school. Under the new regulations, this program will lose all Federal financial support. At least 15,000 of the children currently being served will no longer receive developmental care. In all, some \$16 million in Federal funding will be lost.

Of the total of 19,000 children in the California preschool program, only about 18 percent have working mothers, which means that only about 4,000 of these children would continue to be eligible for some other title IV-A program—because the new regulations limit child-care services to working parents. Apparently, the fact that some 500,000 Californians are out of work and cannot find jobs, and that low-income families are the least likely to get jobs, is without relevance for this administration. The "leftover" 15,000 children would simply have no preschool experience. Mr. President, if that is progress I am all for retrogression and the status quo, in this vital area at least.

Additionally, Mr. President, nearly 3,000 professional and paraprofessional employees of the State preschool program, many of whom would otherwise be dependent on welfare, would lose their jobs.

The need for the State preschool program is just as great as it ever was—probably greater. Even at its present enrollment of 19,000 children, the program is nowhere near meeting the need for good compensatory preschool education in California. This is manifested by a December 1972 study by the State department of education revealing that the need for preschool services extends to some 465,000 low-income children.

#### CHILDREN'S CENTERS PROGRAM

Mr. President, there are 22,000 children currently served in the California children's centers program. The centers provide day care for children of working mothers or mothers in training for employment who are current, former, or potential welfare recipients. The newest social services regulations would permit continuation of 3-to-1 matching funds for the children's centers, but the eligibility limitations are so restrictive that the participation in the program would be cut nearly 51-percent—forcing almost 11,000 children out of the program.

These new regulations would rather sharply limit income eligibility for participation of children of working parents in California to 150 percent of the AFDC standard for free care—which works out to about \$5,682 a year for a family of four—with a sliding fee schedule operating up to 233½ percent of the AFDC standard—about \$8,700 a year before taxes for a family of four in California. Thus, the family of four with an \$8,700 annual income would be paying the full cost of child-care services—for 1 child about \$1,000 a year.

The growing need for day-care services hits all income groups. Most parents who want quality care for their children are not now eligible for care that is subsidized—the HEW regulations will elimi-

nate even more families. The administration proposes a whole new generation of "latch-key" children. Developmental day-care services cost are high—estimates ranging from an annual cost per child in private care of \$1,862 for "acceptable" care to as much as \$3,000 for "superior" care.

For a woman making \$8,700 a year, which means she is taking home less than \$7,000 a year, the cost would be almost \$2,000 a year for two children in an "average" day-care facility—well over one-fourth of her income. And then she's lucky to find a facility with an opening. If this woman now has her children in a California children's center facility—and nearly 11,000 children participating have parents in this economic situation—she will have to remove her children from the center. The new regulations say she is no longer eligible. The immediately prior regulations provided a low-income emphasis, but left up to the States the absolute determination of eligibility. Part D of title I of H.R. 3153 would restore this State flexibility, and I applaud the committee provision.

Not only do the regulations set new, lower-income eligibility limits, Mr. President, they also limit participation of people who are former and potential welfare recipients. Under the just superseded regulations, individuals who were likely to become welfare recipients within 5 years were eligible for services. Individuals who were former recipients were eligible to continue services for 2 years.

Thus, when a welfare mother began working, she was not placed in a situation where she could not receive services because she had a job—a Catch 22 that the administration would have us believe should be applied—if the new regulations are allowed to stand.

Mr. President, that is ridiculous. The whole thrust of the social services program is to assist individuals to get off and stay off welfare. To tell someone with three preschool children that now that he or she has a job and takes home \$7,000 a year, he or she must pay \$3,000 in child care costs—making take-home income only about \$330 a year more than when he or she was on welfare, does not exactly encourage finding that job in the first place—much less keeping it.

The combination of the two eligibility criteria—6 months former and potential recipient eligibility and the lower income eligibility—knocks out participation in the children's centers program by any middle-income parent, and most low-income working parents.

While H.R. 3153, as reported, does not mandate eligibility standards, it does prohibit the arbitrary kinds of Federal limitations HEW has sought to impose.

#### MIGRANT DAY CARE

The migrant day care program presently serves 1,100 children at 26 locations in California. It provides developmental day care for migrant working families. Migrant workers presently qualify under the "group" eligibility category. Under the new HEW regulations, this group eligibility is eliminated. Individual certification by the welfare department—almost impossible for migrating families—is now to be required.

This, plus the more restrictive definition of potential recipients, will exclude more than 90 percent of the children presently participating in the California migrant day care program.

#### CAMPUS CHILD CARE

Mr. President, within the California State Colleges and Universities and the University of California system there are presently some 1,500 children participating in developmental day-care programs funded, in part, through title IV-A. This program utilizes student and parent fees to provide the matching funds to obtain Federal support. The proposed definition of child-care services as limited to work-related services, and the former and potential recipient restrictions, will eliminate at least 90 percent of the presently participating children, and possibly rule out entirely the eligibility of the whole program for Federal support—which means 1,500 children lose day care services.

#### OTHER PROGRAMS

Mr. President, while the negative effect of the new regulations on child-care programs has been the most evident and the most loudly decried, there are many other important social services programs which will be severely debilitated if the HEW social services regulations are allowed to remain as implemented on November 1. The same income eligibility criteria and former and potential recipients definitions which will very likely eliminate some 33,000 children from participating in the California child-care programs, will eliminate the participation of many, many other low-income individuals from presently provided services.

For example, under the November 1 former and potential recertification requirement, verification of one's likely recipient status would be required every 6 months—not previously required or necessary for a recipient of family planning assistance, for example. Thankfully, these mandatory, Federal recertification requirements would be eliminated by the Finance Committee bill.

Additionally, Mr. President, many services presently provided by the States would simply be excluded from those services eligible for Federal match under the November 1 regulations. Services to the aged, blind, and disabled—such as homemaker services and adult protective services, information and referral services and rehabilitation programs—would be sharply curtailed.

What the administration proposes to do is to limit the possible expenditure level by eliminating the number of services, and individuals, which will qualify for 3-to-1 Federal matching funds.

#### COUNTERPRODUCTIVE NATURE OF HEW REGULATIONS

Mr. President, the Congress last year, realizing that social services expenditures were on the road to an escalation that went well beyond what was expended, enacted a ceiling of \$2.5 billion on Federal social service program funds, which was contained in Public Law 92-512.

If implemented, the November 1 regulations would, in effect, place still another ceiling on social services—in addi-



tion to the \$2.5 billion ceiling enacted by the Congress—by making the regulations governing eligibility for Federal matching funds so constricted as to eliminate effectively many State programs.

On June 15 in San Francisco, and on June 16 in Los Angeles, I was privileged to chair joint hearings, of the Senate Labor and Public Welfare Committee's Subcommittee on Employment, Poverty and Migratory Labor and the Special Subcommittee on Human Resources, on the effect of this proposed cutback in social services, along with the impact of other administration recommended budget cuts. Senator MONDALE, the author of both S. 2528—the social services legislation which lead to the compromise now included in H.R. 3153—and of S. 1220—the legislation I cosponsored earlier this session which resulted in the original Finance Committee postponement of the effective date of the May 1 regulations—joined me at those hearings. The impact on low-income families will be tremendous if these restrictions are allowed to stand. Numerous witnesses testified to the fact that they would quite simply have to go back on welfare, or—even more appalling—be forced to give up their struggle to stay off welfare and join the public assistance rolls for the first time.

Mr. President, these people were quite simply defeated. They said to us, "Why, when I am trying to make my own way, have a little self-respect and dignity for myself and my children, is the Government forcing me on to welfare?" Why indeed, Mr. President?

I urge my colleagues to join with me in support of this provision. I believe it to be a responsible provision which will prevent, once and for all, the arbitrary imposition of social service program limitations which contravene the intent of Congress and place the burden on those least able to bear it.

#### STATE ADMINISTRATION OF SSI PAYMENTS

Mr. President, I wish to thank the distinguished chairman of the committee who is handling this bill, for accepting a number of amendments which I had offered.

Mr. President, I would like to take this opportunity to express my support for the many progressive and important changes in present law which have been adopted by the Finance Committee during its consideration of H.R. 3153, and which are reflected in the reported bill before us today. I particularly extend not only my deep appreciation, but the appreciation of millions of social security beneficiaries, for the committee's inclusion of a provision to increase the recently authorized July 1974 social security benefit increase of 5.9 percent to a temporary 7-percent increase, effective upon enactment of H.R. 3153 through May—and, beginning in June 1974, to increase benefits permanently by 11 percent. On September 10 I joined with Senators CHURCH, RUBIOFF, and CLARK, in introducing a similar bill, S. 2397. Subsequently, over half the Senate joined us in sponsoring a larger, earlier benefit increase.

I am gratified that the Finance Committee has not only adopted this measure, but improved upon it. I was also glad to note the committee's inclusion of a national adoption information exchange system with an initial authorization of \$1 million. I have been working on extensive adoption legislation during this past year, and I am pleased that this important aspect of providing maximum adoption opportunities for hard-to-place children has been included in the committee bill.

I would also like to mention my very strong support for the social services compromise the committee has worked out. I will discuss this matter more fully, however, at another time.

Mr. President, I want to express my deep admiration for the great leadership the distinguished floor manager (Mr. LONG) has shown on the Social Security Amendments of 1973—to say the least, this measure is extremely complicated. I have nothing but the highest respect for Senator LONG's grasp and understanding of the many, many issues which have been raised during the debate on H.R. 3153.

Senator LONG and his staff have been most accommodating and helpful to me with regard to the amendments I have offered to H.R. 3153. I do not believe there is a Member of the Senate who has not also found this to be the case.

I want to state my particular appreciation for Senator LONG's agreement to modify the community work and training provision of the committee bill—reinstating section 409 of the Social Security Act—to make the program voluntary for mothers with young children. While I would prefer total elimination of the provision in H.R. 3153 which reinstates section 409, I appreciate the distinguished floor manager's willingness to accommodate one of my primary concerns about this program and modify the provision accordingly.

I want to take this opportunity to clarify one technical amendment to Public Law 92-603, which is contained in the Finance Committee reported bill, H.R. 3153.

My question is with regard to section 201(i) of the committee bill, which corrects a technical error in Public Law 92-603 regarding the authority of the States to administer SSI payments during the period between January 1, 1974, and July 1, 1975—only if HEW is unable to perform those duties directly.

I wonder if the distinguished chairman of the Committee on Finance could confirm my understanding that this provision in the committee bill is simply to correct an error which would have prohibited such transitional State administration from January 1974 through July 1974. Am I correct in assuming the provision is in no way intended to promote State administration of the SSI program—but rather simply corrects a technical deficiency of Public Law 92-603?

Mr. LONG. The Senator is correct.

Mr. CRANSTON. I thank the Senator very much.

#### AMENDMENT NO. 750

Mr. CRANSTON. Mr. President, I call up one amendment which will not take very much time. I call up amendment No. 750.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CRANSTON. 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, ordered to be printed in the RECORD, is as follows:

At the end of the bill, add the following new section:

#### REALLOTMENTS OF CEILINGS ON FEDERAL FUNDS FOR SOCIAL SERVICES

Sec. Section 1130 (b) of the Social Security Act is amended by adding at the end thereof the following new paragraphs:

"(3) (A) Each State to which an allotment is made under the preceding provisions of this section for any fiscal year (beginning with the fiscal year ending June 30, 1975) shall, at the earliest practicable date after the commencement of such fiscal year (and in accordance with regulations prescribed by the Secretary), certify to the Secretary whether the amount of its allotment is greater or less than the amount needed by the State, for uses for which the allotment is made, for such fiscal year and, if so, the amount by which such allotment is greater or less than such need.

"(B) If any State certifies, in accordance with subparagraph (A), that its allotment for any fiscal year is greater than its need for such year, then the allotment of such State for such year shall be reduced by the excess of its allotment over its need, and the amount of such reduction shall be available for reallocation to other States for such fiscal year which have certified, pursuant to subparagraph (A), that the amount of their allotments for such year is less than their need for such year.

"(C) Of the amounts made available, pursuant to subparagraph (B), for reallocation for any fiscal year, the Secretary shall reallocate such amounts among the States which have certified (pursuant to subparagraph (A)) that the amount of their allotments is less than the amount of their need for such fiscal year. The amount reallocated to any such State for any fiscal year shall bear the same ratio to the total amount available for reallocation for such year as the amount of such State's allotment (determined without regard to this paragraph) bears to the total amount allotted to all such States for such fiscal year (as so determined); except that there shall not be reallocated to any such State an amount which exceeds the excess of such State's allotment (as so determined) and the amount such State has (pursuant to subparagraph (A)) certified it would need for such year.

"(D) Any amount reallocated to a State under this paragraph for any fiscal year shall, for purposes of subsection (a) of this section, be added to and deemed a part of such State's allotment for such year (as determined without regard to this paragraph)."

Mr. CRANSTON. Mr. President, I shall give a very brief explanation of the amendment.

This amendment, effective in fiscal year 1975, would permit—within the \$2.5 billion social services ceiling—funds allotted to, but unexpended, by some States to be reallocated to other States

which have expended their full social services allotment.

Although the Finance Committee, in reporting out a new revenue-sharing approach to social services programs, has been advised by HEW that nearly all of the \$2.5 billion to be available for expenditure in fiscal year 1975 is expected to be expended under the new approach,

I believe that our past experience with HEW estimates in this area, the fact that the new approach is as yet an untried program, and the unexpended amount for fiscal year 1973 of almost \$900 million under the present social services program, all combine to argue for the inclusion of a reallocation provision such as I have proposed.

Mr. President, I ask unanimous consent to insert at this point in the Record a chart which reflects the States' allotments as compared to actual expenditures under the social services program as it was previously constituted.

There being no objection, the material was ordered to be printed in the Record, as follows:

SOCIAL SERVICES, FEDERAL SHARE (EXPENDITURE ESTIMATES)

(AFDC and adult)	Fiscal year—			Maximum potential social service allotments fiscal year 1973	(AFDC and adult)	Fiscal year—			Maximum potential social service allotments fiscal year 1973
	1973	1974	1975			1973	1974	1975	
Total (thousands).....	1,664,073	1,800,802	1,859,867	2.5					
1. Alabama.....	14,010	41,900	41,900	42,140	28. Nebraska.....	9,959	12,293	14,508	18,308,750
2. Alaska <sup>1</sup> .....	6,476	3,740	3,740	3,901,750	29. Nevada.....	1,800	2,432	2,654	6,327,000
3. Arizona.....	2,859	3,439	3,783	23,351,250	30. New Hampshire.....	2,587	6,273	6,745	9,255,500
4. Arkansas.....	7,582	11,625	11,850	23,747,250	31. New Jersey.....	37,058	42,614	47,254	69,445,250
5. California <sup>1</sup> .....	245,733	245,733	245,733	245,733,250	32. New Mexico <sup>1</sup> .....	6,232	12,858	14,143	12,765,000
6. Colorado <sup>1</sup> .....	22,461	26,654	30,821	28,297,500	33. New York <sup>1</sup> .....	222,097	222,172	222,222	220,497,250
7. Connecticut.....	34,645	25,053	25,203	37,001,750	34. North Carolina.....	23,299	43,678	46,679	62,597,750
8. Delaware <sup>1</sup> .....	8,267	6,783	6,783	6,783,250	35. North Dakota.....	3,963	3,909	4,188	7,567,500
9. District of Columbia.....	7,500	8,976	8,527	8,980,250	36. Ohio.....	29,513	39,350	55,875	129,457,750
10. Florida.....	42,025	69,790	80,259	87,149,500	37. Oklahoma.....	24,807	31,635	31,635	31,623,000
11. Georgia <sup>1</sup> .....	51,534	46,705	56,091	56,667,000	38. Oregon <sup>2</sup> .....	26,136	18,324	19,426	26,193,500
12. Hawaii.....	2,321	7,388	7,580	9,712,500	39. Pennsylvania.....	87,931	114,389	123,246	143,180,250
13. Idaho <sup>1</sup> .....	4,709	9,076	9,076	9,076,250	40. Rhode Island <sup>1</sup> .....	9,418	9,211	10,736	11,621,500
14. Illinois <sup>2</sup> .....	133,058	108,864	61,692	135,076,500	41. South Carolina <sup>1</sup> .....	12,735	22,750	32,085	31,995,250
15. Indiana.....	7,230	8,847	9,217	63,522,250	42. South Dakota.....	2,448	2,601	2,758	6,152,000
16. Iowa.....	12,673	13,950	15,938	34,612,500	43. Tennessee <sup>1</sup> .....	25,000	48,000	48,000	48,395,000
17. Kansas.....	6,721	5,203	4,766	27,109,000	44. Texas.....	95,019	57,410	59,313	139,854,750
18. Kentucky.....	30,479	19,295	21,224	39,607,008	45. Utah.....	5,471	5,523	5,523	13,518,500
19. Louisiana.....	20,844	31,871	36,509	44,661,250	46. Vermont.....	3,287	4,547	4,790	5,546,750
20. Maine.....	8,399	8,756	9,193	12,354,000	47. Virginia.....	21,431	24,944	33,367	57,175,250
21. Maryland <sup>1</sup> .....	52,749	48,820	48,845	48,695,250	48. Washington <sup>1</sup> .....	49,672	41,336	41,336	41,335,750
22. Massachusetts.....	31,780	41,872	41,905	69,477,000	49. West Virginia.....	8,171	17,717	17,717	21,392,250
23. Michigan.....	74,961	85,147	92,810	109,036,000	50. Wisconsin <sup>1</sup> .....	60,000	54,266	54,266	54,265,750
24. Minnesota.....	31,379	29,196	30,659	46,774,250	51. Wyoming.....	1,106	1,341	1,404	4,142,000
25. Mississippi <sup>1</sup> .....	11,541	27,099	27,101	27,169,000	52. American Samoa.....				
26. Missouri.....	15,309	15,245	16,185	57,063,250	53. Guam.....	263	263	263	
27. Montana.....	3,270	3,270	3,675	8,632,000	54. Puerto Rico.....	4,007	6,448	6,448	
					55. Trust Territory.....				
					56. Virgin Islands.....	208	221	221	

<sup>1</sup> States projected to be at or over social service allotment fiscal year 1975.  
<sup>2</sup> States at or over social service allotment fiscal year 1973.

Source: August 1973, Community Services Administration-HEW.

Mr. CRANSTON: Mr. President, this chart shows that many States—17 directly and some 26 very likely—would have been favorably affected by such a reallocation provision were we to retain the present law regarding the purposes for which social services funds may be used, and no State would have been adversely affected.

The committee, I believe, firmly intends that the full \$2.5 billion authorization be expended in fiscal year 1975—and that is an approach I certainly support. My amendment would insure that, should some States not expend the full amount allotted them—as has often been the case in the past—the unexpended amount would be reallocated among those States expending their full allotment—as has my home State of California and 14 other States—to expand services should unexpected balances be available.

I would hope that the distinguished chairman of the Finance Committee would consider accepting this amendment, since I believe it merely reflects—in terms of its possible fiscal impact—what the chairman expects to be the case anyway; and would allow States with extensive services programs to provide additional services should the HEW estimates on expenditures under the new provisions turn out to be inaccurate.

Mr. LONG: Mr. President, I have no objection to the amendment. I am willing to accept it.

The PRESIDING OFFICER: The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.  
 Mr. CRANSTON: Mr. President, I thank the chairman very much.

Mr. KENNEDY: Mr. President, I call up my amendment No. 700 on behalf of myself and the distinguished Senators from Wisconsin (Mr. NELSON), Maine (Mr. MUSKIE), and Indiana (Mr. BAYH). The PRESIDING OFFICER: The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY: Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be set aside to permit recognition of the Senator from Wisconsin (Mr. NELSON).

The PRESIDING OFFICER: Is there objection? Without objection, it is so ordered.

Mr. NELSON: Mr. President, I call up an unprinted amendment on behalf of myself, Mr. HART, Mr. MCGEE, Mr. NUNN, and Mr. MATHIAS, and ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:  
 On page 87, after line 24, add the following section:

Sec. 137(a) Section 3(a)(4)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(b) Section 403(a)(3)(A)(iii) of the Social Security Act is amended by inserting "(in-

cluding both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(c) Section 603(a)(1)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(d) Section 1003(a)(3)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(e) Section 1403(a)(3)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(f) Section 1603(a)(4)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled at such institutions)" following "training".

Mr. NELSON: Mr. President, Congress, in 1956, authorized matching grants to States for the purpose of supporting the training of social workers, commensurate with the authorization for matching grants to support social services. In 1962, Congress authorized an increase from 50-50 patching support to 75-25 support for both social services and the training of social workers.

Under this provision, States have contracted with educational institutions for a variety of training programs, including in-service training, educational leave training, short- and long-term training for persons employed in or preparing for employment in the States' social work programs.

However, the Department of Health, Education, and Welfare presently is developing regulations that would eliminate support for all long-term training, and permit support only for in-service training. Thus, educational institutions, which now contract with States for long-term and other forms of social work training, would not be permitted to receive support for such training.

For many schools of social work, such a curtailment means loss of support for a number of faculty members.

Under this program of Federal support, the number of trained social workers has increased, to meet the demand for employment of qualified social work personnel.

Approximately \$44 million has been appropriated annually by Congress and allocated to States over the past three years for such training. An estimated \$12 to \$15 million has been spent by the States in contracts with educational institutions for social work training.

The rationale for such support is delineated in the House and Senate Reports on the 1962 Social Security amendments, when Congress authorized an increase from 50-50 to 75-25 matching support for both social services and social work training.

House report (No. 1414, 87th Cong., 2d sess., p. 11) states:

Your committee is aware that the success of the plan for encouraging rehabilitative and preventive services in public assistance is dependent upon the extent to which the states are able to improve the quality of their public welfare staff. The problems with which the caseworkers and supervisors must deal in public assistance are so complex that skilled workers are needed if the problems are to be understood and successfully dealt with. Currently the staff of public welfare agencies are lacking in trained social workers. Of the 34,639 employees in public welfare agencies in 1960, 28,321 had no graduate study in the school of social work. Even so, this figure includes many trained persons in supervisory or administrative positions; the number of caseworkers with training is even smaller. Only one fully trained caseworker is available for each 23,000 recipients of public assistance. The trend over the past 10 years gives little comfort, for while the number of people with some training has increased, the proportions are so very low as to make the impact of trained caseworkers in this program minimal. For this reason, your committee provided a further amendment to each of the titles, providing that states may receive federal help in the costs of providing training for persons employed or preparing for employment in the States' programs at the 75% rate. Thus the bill also provides that the cost of training staff to provide these services will be shared in by the federal government at the 75% rate. To the extent needed for the proper and efficient administration of the state plan, the Secretary is in a position to determine where training expenses are necessary and proper.

The Senate Report (No. 1589, 87th Cong., 2d sess., p. 7) states:

Experience has shown that services by highly trained welfare personnel can help these situations (undesirable public assistance case loads). These social services, usually provided by trained social workers or workers employed under the direction of social workers, are designed to help families and individuals to become self-supporting rather than dependent upon welfare checks.

An amendment that I am here offering will ensure that States may continue to use social work training grant money for long-term training or other training under contracts with educational institutions, if the States wish to do so.

I ask unanimous consent that a list of schools now receiving Federal support for social work training be printed in the Record at the conclusion of my remarks.

The amendment will prevent HEW from eliminating by regulatory action Federal support for social work training, which Congress authorized.

Such a program should not be drastically curtailed, in my view, without an adequate evaluation of its merits and the impact on schools of social work and the need for qualified, well-trained social work personnel.

HEW's action is apparently another effort to cut the budget without adequate attention to the needs for a program it wants to eliminate.

There being no objection, the list was ordered to be printed in the Record, as follows:

*Partial list of schools receiving Federal support for social work training, either in graduate schools of social work*

[Federal dollars received]

Graduate schools:

Georgia	\$700,000
Maryland	800,000
Virginia Commonwealth	170,000
North Carolina	150,000
Houston	125,000
Arkansas	200,000
Wayne State	200,000
Temple	100,000
Missouri	200,000
Kansas	308,000
Albany	15,000
Michigan	40,000
Pittsburgh	80,000
Arizona State	34,000
Tennessee	200,000
West Virginia	100,000
Marywood, Pa.	165,000
Wisconsin	700,000
Louisiana State	297,000
Oklahoma	75,000
Alabama	400,000
Texas	150,000

Undergraduate schools:

Westchester State, Pa.	30,310
Shippensburg State College, Pa.	15,960
Lehigh Valley Assn of Independent Colleges, Pa.	15,500
Pacific Lutheran Univ., Wash.	68,500
Jackson State, Miss.	47,000
Mississippi College for Women	32,000
University of Nevada, Las Vegas	50,000
University of Nevada, Reno	58,500
Shepherd College, W. Va.	21,000
Concord College, W. Va.	46,000
University of Wis., Eau Claire	30,000
New Mexico State U.	48,000
Winthrop College, S.C.	32,000
University of Wyoming	22,000
University of Montevallo, Ala.	75,000
Union College, Ky.	11,500
Spalding College, Ky.	65,000
Southern University, La.	243,750
Eastern Michigan U.	24,850
Western Carolina U., N.C.	7,800

Eastern Tennessee State	\$73,000
Tennessee State U.	40,000
Texas Tech. U.	12,500
Utah State	21,000
George Mason U., Va.	38,000
University of Montana	350,000
Florida A&M College	105,000
Both graduate and undergraduate schools:	
University of Hawaii	48,000
Portland State University	15,600
University of Illinois	109,600
Univrsity of Kentucky	152,000
Western Michigan University	106,000
U. of Minnesota-Duluth	5,000
Ohio State University	70,276
Case Western Reserve University, Ohio	193,000

Source: Council on Social Work Education and Conference of Deans of Social Work Schools.

Mr. LONG. Mr. President, I personally will vote for the amendment. The Senator has explained it to me and I believe to some others. I have not had a chance to discuss it with all the members of the committee, although several Senators have indicated their interest in this matter.

I can only speak for myself in this regard, but I personally favor the Senator's amendment. I will vote for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin for himself and other Senators—putting the question.

The amendment was agreed to.

Mr. KENNEDY. Mr. President—

Mr. TAFT. Mr. President, I wonder if the Senator would yield for a unanimous-consent request.

Mr. KENNEDY. I yield to the Senator from Ohio.

Mr. TAFT. Mr. President, I ask unanimous consent that Mr. William Lucy, of my staff, have the privileges of the floor during the debate and votes on this measure.

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

Mr. KENNEDY. Mr. President, I call up my amendment No. 700, and ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 700—as modified—star print, is as follows:

At the end of the bill insert the following new section:

Sec. . (a) Section 56 of the Internal Revenue Code of 1954 (relating to imposition of minimum tax for tax preferences) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) IN GENERAL.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person, a tax equal to 10 percent of the amount (if any) by which the sum of the items of tax preference exceeds \$30,000.";

(2) by striking out subsection (c).

(b) The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

Mr. KENNEDY. Mr. President, in a moment I shall take the opportunity to explain this amendment. The Senator from Wisconsin (Mr. NELSON), the co-

sponsor of the amendment, and I are prepared to reach a short time agreement; if it is the desire of the chairman of the committee. One of the cosponsors, the Senator from Maine (Mr. MUSKIE), would like to make a brief statement, so I yield to him.

Mr. LONG. Mr. President, is the Senator talking about the minimum tax amendment?

Mr. KENNEDY. Yes.

Mr. LONG. Mr. President, I believe it best that we simply debate the amendment for awhile and see if we can reach a vote. Sometimes we are able to make better progress in that way than by a time limitation.

Mr. DOMINICK and Mr. TAFT addressed the Chair.

Mr. KENNEDY. Fine.

Mr. President, I yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, I am pleased to join once again with Senators KENNEDY, NELSON, and BAYH to propose to the Senate an amendment to bring about a much needed reform of the minimum tax. Last June, during Senate consideration of the debt ceiling extension bill, we offered the identical amendment to the Senate. At that time the amendment was tabled by a narrow margin—a vote of 49 to 47. I hope that the Senate will agree today that we can no longer afford to ignore the gross inequities in our system. I hope we will approve this minimum tax reform amendment as a downpayment on the thorough tax reform we have set as our objective for the next session of this Congress.

Mr. CURTIS. Mr. President, will the Senator yield briefly on that point?

Mr. MUSKIE. Yes, I am glad to yield.

Mr. CURTIS. Mr. President, I am fully aware of the fine and worthwhile objective sought in the minimum income tax, but I would like to call attention to the fact of the very material change in our economy which has taken place since the earlier date to which the Senator referred.

The application of this increased tax will fall primarily upon the petroleum industry. So today it constitutes an increase in taxes upon those who explore for, discover, and produce petroleum. Since 1969—

Mr. KENNEDY. Mr. President, would the Senator be kind enough to yield?

Mr. CURTIS. I do not have the floor.

Mr. KENNEDY. I think I had it, and I yielded it to the Senator from Maine.

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

Mr. KENNEDY. Will the Senator permit us to make our brief opening explanations, and then I will be delighted to respond to any question of the Senator from Nebraska?

Mr. CURTIS. Very well.

Mr. KENNEDY. I have a brief statement, as does the Senator from Maine and the Senator from Wisconsin, and then if we could enter into the debate and discuss it in accordance with the ordinary procedure, I think we could expedite action on the amendment.

Mr. CURTIS. Very well.

Mr. MUSKIE. I thank the Senator from Massachusetts.

Mr. President, the need for this amendment is dramatically illustrated in the literature of those organizations which seek to peddle tax shelters to investors. A good example is a brochure advertising a tax shelter symposium sponsored by the Illinois Institute for Continuing Legal Education last June 22 and 23. The complete title of this symposium was "Tax Shelters: Pot of Gold at the End of the Rainbow, or Gone With the Wind?" Some of the specific sessions on the program evidently purported to guide the investor to that "pot of gold." They describe tax shelters in enticing terms. One session was titled "Tax Shelter Accounting—A Disneyland World," which was described as covering "accounting or tax sheltered investments for individuals and corporations." Another session on "The Greening of America—or, Wall Street Cowboys and Farmers," covered "on the hoof and in the ground tax shelter deals." The session on "Shipping as a Tax Shelter—No Poseidon Adventure," covered "foreign shipping and domestic shipping—its tax advantages and problems." One of the sessions, at least, points in what I think is the proper direction—it was titled "Future Shock—What Congress Has Planned." The amendment before us today would go a long way toward realizing that last prediction.

Another description of tax shelters comes in advertising for a report published by the Research Institute Recommendations. The report is titled "Tax Breaks that Lead to Executive Wealth." The letter promoting this report points out that executives "have been badly hurt by taxes and inflation. . . . as times grow tougher, what then?" The letter says the answers are found in the report, which covers topics including "How Profits from Real Estate Investments Can Escape Tax," "How to Reduce Tax on Personal Investment Income," and "Tax Savings Through Prepayment of Interest and Taxes."

These tax preferences make it possible for a well-to-do minority to pay less than a fair share of the tax burden. Our taxes fall hard and heavy on the vast bulk of low- and middle-income Americans, on the men and women whose only source of income is the wage they work for, or the earnings of small family-owned stores, workshops, and farms. The institutionalized tax dodges allow the wealthy to escape part of that burden.

I have detailed the workings of unfair provisions in the tax code which permit allowances for these and other tax shelters in statements before the Ways and Means Committee and in statements in this Chamber. I have introduced legislation to correct many of these inequities—S. 1439, the Tax Reform Act of 1973. Co-sponsored by Senators BAYH, HASKELL, HUGHES, PASTORE, and TUNNEY, this bill would raise approximately \$18 billion in new Federal revenue in 1974 without increasing the tax burden on low- and middle-income Americans.

I have hopes that thorough tax reform, along lines of the bill I have introduced, will finally be enacted by this Congress. The amendment before us, to strengthen the minimum tax, is a first step.

Under current law, the minimum tax

applies to 10 items of tax preference: First, accelerated depreciation on real property; second, accelerated depreciation on net leased personal property; third, stock options; fourth, depletion allowances; fifth, capital gains; sixth, special amortization of pollution control facilities; seventh, special amortization of railroad rolling stock; eighth, bad debt reserves for financial institutions; ninth, special amortization for job training and child care facilities; and tenth, excess investment interest. The minimum tax, at a rate of 10 percent, is imposed on these items of preferential income, with three deductions allowed: a \$30,000 exclusion; the deduction of all Federal taxes paid in the current year; and the carry-forward of any excess of these Federal tax deductions from the 7 previous years.

The amendment we are considering today would repeal what is perhaps the most illogical and self-defeating of these deductions from the minimum tax: the deduction allowable for "regular" taxes paid. The reason for the minimum tax is that Congress judged that the taxes paid on these preferential items were too low. It makes little sense to allow a further escape from the taxation, under the minimum tax, by allowing an unrelated deduction for taxes paid on normal income.

Mr. President, I commend the work of Senators KENNEDY and NELSON in bringing this issue before the Senate today, and especially the continued effort of Senator NELSON on the committee level. I urge that the Senate adopt this amendment, as a first small step toward thorough reform of our tax system.

I suggest that the analysis of the amendment which my colleagues from Massachusetts and Wisconsin will make, to demonstrate its minimal effect on fuel production, will constitute the answer to the question that the Senator from Nebraska will later ask.

I ask unanimous consent that the brochures and the letter described earlier in my remarks be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Illinois Institute for Continuing Legal Education]

TAX SHELTERS POT OF GOLD AT THE END OF THE RAINBOW OR GONE WITH THE WIND

FRIDAY, JUNE 22

9:00-9:45 a.m., Shaping Tax Shelter Investment Structures—or Your Playmate of the Month, OUI—What to use and how to use it . . . general and limited partnerships, joint ventures, subchapter S, trusts, section 351 transfers, John S. Pennell, McDermott, Will & Emery, Chicago.

9:45-10:30 a.m., Hot Line—CATV and Microwave Tax Shelters, Jerry Greene, Television Communications, New York, N.Y.

10:45-11:30 a.m., Foreign Tax Havens are Worldly Tax Shelters—Places and techniques . . . foreign corporations . . . WHTC's . . . DISC's . . . foreign trusts, Grant L. Jones, Hellwell, Melrose & De Wolf, Miami, Fla., Of Counsel, Gottesman, Evans & Van Merkensteijn, London.

11:30 a.m.—12:15 p.m., All That Glitters is Not Gold—Even on the Silver Screen—An anatomy of movie deals as tax shelters . . . other theatrical ventures, Bruce M. Stiglitz, Loeb & Loeb, Los Angeles, Calif.

12:15-2:00 p.m., Course Luncheon (In-

cluded in Tuition Fee)—SEC Registration and Tax Statement Rules—A New Science of Acupuncture—SEC problems . . . rule 146 . . . private placements . . . tax language for prospectuses, Harvey L. Pitt, Chief Counsel, Division of Market Regulation, Securities & Exchange Commission, Washington, D.C.

2:00-2:45 p.m., Tax Shelter Accounting—A Disneyworld Land—Special problems in accounting for tax shelter investments for individuals and corporations . . . overlooked effects and long range impacts, Solomon A. Weisgal, Oppenheim, Appel, Dixon & Co., Chicago.

2:45-3:30 p.m., The Greening of America—or Wall Street Cowboys and Farmers—On the hoof and in the ground tax shelter deals, Richard S. Bright, Brighthaven, New York, N.Y.

3:45-4:30 p.m., Bearding the Lion—Tax Audit Issues—Typical problems, e.g., loss allocations, interest deductions, depreciation schedules, investment credit, Robert M. Gunn, Price, Cushman, Keck & Mahin, Chicago.

4:30-5:00 p.m., Question Period.

SATURDAY, JUNE 23

9:00-9:45 a.m., The Landed Gentry—America's Shangri-La—Real estate deals for everyone: subsidized housing projects . . . traditionally financed projects . . . analyzing and approaching development of good real estate deals into tax shelter oriented deals. Sam Zell, Equity Financial and Management Company, Chicago.

9:45-10:30 a.m., Tax Shelter "Work Outs"—Reaching for the Brass Ring—Passing through deductions . . . grantor trusts . . . cross over points . . . contributions to charity. Marvin Kamensky, Carlins & Kamensky, Chicago.

10:45 a.m.-12:15 p.m., Panel: Double, Double, Toil and Trouble—Co-Chairmen: Burton W. Kanter, Calvin Eisenberg, Levenfeld, Kanter, Baskes & Lippitz, Chicago. Participants: Robert N. Hampton, Salomon Brothers; Chicago. Howard G. Krane, Kirkland & Ellis, Chicago. Alan L. Reinstein, D'Ancona, Pfbaum, Wyatt & Riskind, Chicago. Joseph E. Tansill, Coopers & Lybrand, Chicago. Tom Moran, Moran & Company, Chicago.

12:15-1:30 p.m., Lunch Break.  
1:30-2:15 p.m., Shipping As a Tax Shelter—No Poseidon Adventure—Foreign shipping and domestic shipping—its tax advantages and problems. Roy Albert Poveil, Cadwalader, Wickersham & Taft, New York, N.Y.

2:15-3:00 p.m., Estate Planning (and Planning For Estates)—That Great Tax Shelter in the Sky—Estate considerations often overlooked in conjunction with shelter investments and how to plan for the estate . . . tax shelter investments for estates. Earl A. Samson, Jr., Samson & Monier Associates, Inc., New York, N.Y.

3:15-4:00 p.m., Future Shock—What Congress Has Planned—New Laws and rules affecting tax shelter deals. Ira A. Siegler, Neel and Siegler, Washington, D.C.

4:00-4:30 p.m., Question Period.

RESEARCH INSTITUTE  
RECOMMENDATIONS,  
New York, N.Y.

DEAR SIR: If you now earn \$15,000 a year you have about \$8,900 left in "1949 dollars" after you pay your taxes. If you earn \$25,000 you have about \$14,300 on the same basis. Executives in these brackets have been badly hurt by taxes and inflation. Many have been unable to build up a decent retirement income, even during the boom years.

As times grow tougher, what then? Fortunately, something can be done about it—and many of the best executives are doing it to boost their *after-tax* income.

If you are not familiar with this *more tax-minded method*, what follows may seem almost incredible. But here's what it does:

1. It explains how a man can slash his tax bill by shifting income to members of his family in a lower tax bracket. The result: the same income is taxed at much lower rates.

2. It gives the one step that enables an executive to pay for his child's college education with tax dollars.

3. It tells you how to get *tax-free income* from investments.

4. It tells you how proper timing of your vacation can lead to complete deductions for travel, including meals en route.

5. It reveals a provision in the tax law that allows you to remain in a lower tax bracket if your income jumps dramatically in a given year from salary increases, bonuses, investment profits (including capital gains), etc.

6. It explains a way your company can deposit money to your credit tax-free. You pay no tax on this money (including the interest it earns) until you withdraw it—and then this interest can be long-term Capital Gain (averaging about 1/2 the usual tax). Even deposits to your account get special treatment resulting in a fraction of the usual tax.

7. It tells you the two conditions (with executives) for deducting the expenses for your *personal* residence—and how a man's personal residence can be partially *depreciated*.

8. It reveals how some executives make "private arrangements" with their companies to guarantee them a good sum of money when they retire or slow down. Since the money comes when an executive is in a lower tax bracket, he keeps more of it.

Now that these methods are proved we're printing them up in a special Report we can send you if you return the enclosed card.

This 21-section Report—Tax Breaks That Lead to Executive Wealth—was worked out by the best tax brains in this country. It was built for those realistic executives who know that if they are going to offset rising prices and a shrinking dollar, it will have to be through taxes.

The special Report we send will help you do that job. It can help any executive who is serious about cutting taxes and multiplying wealth.

It is offered *without charge* to introduce you to the regular weekly Research Institute Recommendations on business and taxes—the leading source of business and tax advice in this country.

These are the weekly Recommendations which help over 30,000 executives lift part of the tax load off their backs.

Frankly, we felt that by offering you the special 21-part Report—Tax Breaks That Lead to Executive Wealth—letting you see for yourself how it switches dollars over from taxes into net income, you will then see the TYPE of tax saving help you get with a year of the regular weekly Recommendations.

Though the Recommendations are *weekly*, they cost but \$3 a *month*, payable annually. But since this whole matter of cutting your taxes and keeping more of what you earn for yourself has been so clarified, please act promptly.

If you want a copy of Tax Breaks That Lead to Executive Wealth, the enclosed card should be returned at once.

Very sincerely,

E. PAGE DOSS.

*Second free report:* Return your card now and you will also receive the Report, Tax-Wise Handling of Expense Accounts Under the Tax Law. See post paid card.

Free to New Subscribers—The Special Report for Executives—

TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH  
Please send me a free copy of *Tax Breaks That Lead to Executive Wealth* by return mail.

And enter my new subscription to the weekly *Research Institute Recommendations* on business and taxes for one year at the low tax-deductible rate of just \$3 a month, payable annually. Bill us later.

Name \_\_\_\_\_ Firm \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_

By returning this card at once you receive an extra premium—a copy of Tax-Wise Handling of Expense Accounts Under the New Law.

TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH

Many executives do an excellent job for their companies, but fail to look out for themselves. May we ask you to take a minute out from company affairs and *think for a change of your own personal interest* through these methods which may cut your income tax sharply?

This Report offers outstanding tax saving plans now available for executives. You will receive Recommendations each week covering any law changes and new developments as they occur.

SO MANY EXECUTIVES HAVE ASKED FOR SPECIFIC EXAMPLES OF THE TYPE OF TAX SAVING METHODS IN RECOMMENDATIONS

Here are 4 examples—all gleaned from cumulative works and files of the Research Institute—and included in "Tax Breaks That Lead to Executive Wealth." No bothersome cross references. No indexes. This Report offers the executive outstanding tax saving methods now available in clear, concise form.

YEARLY BONUS.

Here's an executive getting a \$3,000 yearly bonus and after 10 years has only \$20,166 to show for it, due to taxes. Yet the same man getting the same bonus over the same 10 years could amass \$38,018 under the plan shown here. That's \$16,852 more and all under special low-taxed shelters.

\$5,000

To give his 8-year-old daughter \$5,000 at age 18, this man sets aside \$500 a year. But this \$500 is the entire after-tax interest on \$25,000 of bonds he owns. Then he read how his daughter could have her \$5,000 from *only HALF* the interest. Now he can keep the other half for his own use.

REAL ESTATE INVESTMENTS

You have to know about this one to reap its sensational tax-free advantages. The tax rules say you *must ask for it . . . it's not automatic*. It allows investors in certain rental housing to sell their property and pay no tax on the profits—no matter how large the profits are—when they continue re-investing.

OFFICE-AT-HOME

One deduction the taxpayer may overlook is the expense of an "office-at-home." If you meet the two basic requirements of this deduction, simply list it on your tax return. Rent, depreciation, light, gas, and so on. Here is a particularly good tax break for salesmen, self-employed or professionals.

TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH  
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Mr. KENNEDY. Mr. President, the purpose of the amendment is to strengthen the minimum tax by eliminating the so-called deduction for taxes paid, which has become one of the largest, most notorious and least justified loopholes in the Federal income tax laws.

On the basis of estimates for calendar year 1972, the amendment will generate increased tax revenues totaling \$580 million, including a \$330 million increase in individual income tax liability and a \$250 million increase in corporate income tax liability.

The deduction for taxes paid entered the revenue laws as an 11th hour Senate floor amendment on the Tax Reform Act of 1969. At the time, the Committee on Finance had reported a minimum tax of 5 percent to the Senate, without any deduction for taxes paid. Late in the floor debate in December 1969, an amendment was offered to raise the rate to 10 percent and to add a deduction for taxes paid.

The revenue effect of that amendment was negligible, but the tax equity effects were enormous. I led the opposition to the amendment at the time, but it was accepted by the Senate and was signed into law as part of the Revenue Code, where it has been a continuing symbol of tax injustice ever since.

Subsequently, the inequity was compounded by another floor amendment, offered in 1970, which allowed a 7-year carry-forward of the deduction for taxes paid.

Thus, under the minimum tax in present law, a person is taxed at the rate of 10 percent on the source of his income from tax preferences, which include most, but not all, of the major tax loopholes, less a \$30,000 exemption and less the amount of regular income taxes owed, including the carry-forward.

As an attachment to this statement, I have included a more detailed summary of the current minimum tax and the operation of this amendment.

Last June, I offered this identical reform amendment, on behalf of Senators NELSON, BAYH, and MUSKIE, as a Senate

floor amendment to the Debt Ceiling Act. The proposal was tabled by the narrow margin of 49-47, but I am hopeful that a majority of the Senate now supports this reform, and I urge that it be approved as an amendment to H.R. 3153.

Earlier this month, in the House of Representatives, a much more comprehensive reform of the minimum tax, proposed as a floor amendment to the Debt Ceiling Act, was defeated by a substantial margin. In addition to eliminating the deduction for taxes paid, the House amendment contained two other principal provisions: it would have reduced the \$30,000 exemption currently allowed to \$10,000, and it would have increased the rate of the minimum tax from its present flat rate of 10 percent to a progressive rate schedule equal to one-half the tax rates on ordinary income. The House amendment would have produced a revenue gain of \$3 billion.

I have supported the provisions of the House proposal in the past, and I continue to support them today. In S. 2520, I have introduced separate legislation to accomplish these more comprehensive reforms of the minimum tax.

However, the amendment I am now offering is much narrower in scope. It deals only with the deduction for taxes paid. It does not affect either the \$30,000 exemption or the rate of the minimum tax. As noted, its revenue gain is \$580 million, compared to a gain of \$3 billion for the House proposal.

Although the amendment I am proposing is only a "modest" reform in the minimum tax, it is a reform that can and should be accomplished now, not only as a symbol of our commitment in Congress to tax reform, but also as a down-payment on the more comprehensive reform that I hope will be a high priority of the second session of this Congress.

In substantial measure, the amendment will help restore the minimum tax to its true and intended function. The minimum tax is the imaginative technique enacted by Congress as part of the Tax Reform Act of 1969, in an effort to insure that all citizens with substantial income would pay at least some tax on their income, thereby ending the gross tax inequity by which thousands of wealthy taxpayers were able to use the loopholes in existing law to avoid large amounts of taxes they ought to pay, or even to avoid taxes altogether.

In effect, the minimum tax is supposed to be a "bucket under a sieve." It is designed to impose a modest tax on all income that slips otherwise untaxed through the many loopholes in the existing Revenue Code. If the minimum tax fulfills its function, no one with substantial income would be able to avoid paying a fair share of taxes on his income.

Unfortunately, the minimum tax does not adequately fulfill its function. In 1970, for example, the first full year of operation, the revenue yield was a paltry \$117 million from individuals, compared to an anticipated yield of \$290 million when it was enacted in 1969. In 1971, the yield was little better, only \$163 million from individuals.

Thanks to the exemptions and deduc-

tions written in at the beginning and in subsequent years, the minimum tax is itself a loophole-ridden tax—minimum in impact as well as name. As such, the minimum tax is the most aptly named provision in the tax laws. Instead of being a "bucket under a sieve," it is, instead, simply another sieve under the existing sieve.

More to the point, this particular deduction—the deduction for regular taxes paid—could most appropriately be called the "executive suite" loophole, because it allows highly paid executives to use their large salaries to shelter large amounts of tax preference income against the minimum tax. But simply because a wealthy individual pays taxes on his salary just like everybody else, it does not follow that the taxes he pays should give him free entry to the "loophole club," by allowing him to amass large amounts of sheltered income, free not only from the regular tax, but from the minimum tax as well.

For 1971, the most recent year for which figures are available, \$163 million in minimum tax was paid by individuals on total reported income of \$6.1 billion, yielding an average effective minimum tax rate of only 2.63 percent, even though the statutory rate was 10 percent.

Further, of the 98,000 individuals who reported tax preferences, 74,000 paid no minimum tax at all, even though they had tax preference income of nearly \$4 billion. And, of the remaining 24,000 individuals who actually paid some minimum tax on their preferences, totaling more than \$2 billion, the minimum tax they paid was at an effective rate of only 4.1 percent. Thus, 75 percent of the individuals, with 26 percent of the total-reported tax preference income, escaped the minimum tax altogether.

In large part, the source of this enormous avoidance of the minimum tax is the deduction allowed for regular taxes paid. The minimum tax works reasonably well in the case of individuals who pay little or no regular taxes, but it contains a gaping loophole in the case of individuals who pay substantial regular taxes. To me, there is no jurisdiction for allowing this loophole in the minimum tax to remain open. Simple tax justice requires that the minimum tax be applied even-handedly to all tax preference income. The amendment I am proposing today will achieve that result by eliminating the deduction for taxes paid, and I urge the Senate to approve it.

Mr. President, I ask unanimous consent that a more detailed explanation of the amendment may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

## EXPLANATION OF AMENDMENT 700

## PURPOSE

Repeal the step in the calculation of the minimum tax which currently allows a deduction for other taxes paid.

## EXPLANATION

The minimum tax was enacted by Congress as part of the Tax Act of 1969, in an effort to guarantee that persons with substantial amounts of untaxed income would pay at least a modest tax on that income. As reported by the Finance Committee in 1969, a

5% tax would be paid on income from tax preferences. A floor amendment to the bill raised the rate to 10% and added a deduction for regular taxes paid. A 1970 Senate floor amendment allowed a 7-year carry over of the deduction. Under the minimum tax in present law, a person is taxed at the rate of 10% on the sum of his income from tax preferences, less a \$30,000 exclusion and less the amount of regular income tax owed, including the carry over.

The proposed amendment would eliminate the deduction and carry-over for taxes paid. These two provisions have allowed large numbers of taxpayers to avoid the minimum tax completely, even though they have large amounts of income from tax loopholes. In practice, the current deduction is an "Executive Suite" loophole, since one of its principal effects is to allow high salaried executives to use the large amount of regular taxes they pay as an offset against income they receive from tax loopholes. The following two examples illustrate the point:

	A	B
Loophole income----	\$100,000	\$100,000
Regular tax on salary-----	100,000	0
Base for minimum tax-----	0	100,000
Minimum tax-----	0	10,000

Individual A, who has \$100,000 in income from tax preferences and pays \$100,000 in regular taxes on his salary, owes no minimum tax. Individual B, who has \$100,000 in income from the same tax preferences, but who pays no regular taxes, owes a minimum tax of \$10,000. The minimum tax should operate equally on individuals A and B, yet the deduction for taxes paid gives A an unfair benefit over B. The proposed amendment would equalize the two cases by insuring that A pays a minimum tax on his loophole income. In effect, the amendment requires equal treatment of the rich.

#### CURRENT YIELD OF MINIMUM TAX

Individuals—In 1971, 24,000 individuals paid \$163 million in minimum tax on loophole income of \$3.9 billion, for an effective tax rate of 4.1%.

But, 74,000 other individuals paid no minimum tax at all on loophole income of \$2.2 billion. Thus, the overall effective rate of the minimum tax on individuals is 2.6%, compared to the statutory rate of 10%.

Corporations—(less precise data available)—In 1970, 6,000 corporations paid \$280 million in minimum tax on loophole income of \$4.1 billion, for an effective rate of 6.7%.

But, 75,000 corporations paid no minimum tax at all on loophole income of \$1.6 billion. Thus, the overall effective rate of the minimum tax on corporations is about 4.8%.

#### REVENUE GAIN FROM PROPOSED AMENDMENT

	Million
Individuals-----	\$330
Corporations-----	250
Total-----	580

#### DISTRIBUTION OF GAIN FROM INDIVIDUALS

Adjusted gross income	Number of returns affected	Increase tax
\$0 to \$5,000-----		
\$5,000 to \$10,000-----		
\$10,000 to \$20,000-----		
\$20,000 to \$50,000-----	11,000	\$4,000,000
\$50,000 to \$100,000-----	22,000	28,000,000
\$100,000 and over-----	30,000	299,000,000
Total-----	63,000	330,000,000

#### MAJOR PREFERENCES SUBJECT TO MINIMUM TAX

Excess investment interest, accelerated depreciation on real property, accelerated depreciation on personal property subject to a

net lease, amortization of certified pollution control facilities, amortization of railroad rolling stock, stock options, reserves for losses on bad debts of financial institutions, depletion, capital gains, and amortization of on-the-job training and child care facilities.

#### MAJOR PREFERENCES NOT SUBJECT TO MINIMUM TAX

Interest on state and local government bonds, intangible drilling and development expenses, interest and taxes during construction period of real estate, investment credit, gain on property transferred at death, gain on appreciated property given to charity.

#### SUMMARY

Summary—The deduction for taxes paid was added by a Senate floor amendment in 1969, and it is appropriate that it now be repealed by a Senate floor amendment.

Previous minimum tax amendments defeated on the Senate floor have also included changes in the tax preferences, in the \$30,000 exemption, and in the rate of the minimum tax. The proposed amendment makes no change in the tax preference subject to the minimum tax, no change in the current 10% rate of the minimum tax, and no change in the \$30,000 exemption currently allowed against the minimum tax. It affects only the deduction for taxes paid, the most flagrant and least justifiable loophole in the minimum tax. The tax has worked reasonably well in the case of persons who pay little or no regular tax, and the Senate should now close the loophole that allows those already paying regular taxes to escape the minimum tax.

Mr. KENNEDY. Mr. President, I know that arguments will be made here that this amendment will affect in a significant and important way the oil depletion allowance. The question will also be raised that this amendment will have an adverse effect on business in this country because it will increase the tax on capital gains.

I think it is important to show, Mr. President, that the best information that has been developed by the Treasury is unable to justify that view. The Treasury claims that this amendment will produce a 1 point reduction in the depletion allowance, from its current effective level of about 18 percent, down to a new level of 17 percent. That minor reduction would only be a very gentle slap on the wrist to the Nation's oil industry, but their lobbyists are acting as though they are wounded to the core.

And even that 1 point reduction overstates the facts. Analysis shows that many of the oil companies themselves use this loophole by deducting taxes, not from oil drilling or exploration or other pursuits related to their oil operations, but from unrelated activities. Yet, the Treasury assumes that the full total of taxes paid can be allocated against the depletion allowance. And even after this gross distortion of the figures, the best they can come up with is a cut of a single point in the depletion allowance.

When the minimum tax was first enacted in 1969, it cut the depletion allowance by more than three points, from 22 percent to about 18.4 percent, and the oil industry did not miss a stride. Yet, now they complain, when further reduction, grossly inflated to one percentage point is offered. And, I suspect, if the Treasury made the calculations fairly, it would find the true impact was only a small fraction of 1 percent.

In concluding this brief comment, I would just like to mention the following statistics:

In 1971, there were some 22,000 individuals who paid \$163 million in minimum taxes on loophole income of \$3.9 billion, for an effective minimum tax rate of 4.1 percent. But there were 74,000 other individuals who paid no minimum tax at all on loophole income of \$2.2 billion. Thus the overall effective rate of the minimum tax on individuals was 2.6 percent, compared to the statutory rate of 10 percent.

The picture is hardly better in the case of corporations. In 1970, 6,000 corporations paid \$280 million in minimum taxes on loophole income of \$4.1 billion, for an effective rate of 6.7 percent; but 75,000 corporations paid no minimum tax at all on loophole income of \$1.6 billion. Thus the overall effective rate of the minimum tax on corporations is about 4.8 percent.

In sum, the effective rates are now only 4.8 percent for corporations, and 2.6 percent for individuals, compared to the statutory rate of 10 percent. The minimum tax which had been suggested and approved by the Senate going back to 1969 had been 10 percent. We had recognized that; it had been approved on the floor of the Senate. We are not even close to that rate at this time. The thrust of this amendment is not to increase the rate to 10 percent in a progressive way, as has been suggested by others, and I hope eventually will be adopted. It is not even to eliminate the \$30,000 exemption for preference income. All it does is eliminate the loophole which provides that those who have preference income will be able to reduce that income by the regular taxes they pay.

Under our amendment, \$330 million would be collected from individuals. The best information that we are able to provide on this is that there would not be anyone with adjusted gross income below \$20,000 who would have to pay any additional increase in taxes. Those with adjusted gross incomes from \$20,000 to \$50,000—approximately 11,000 individuals—would have a tax increase of about \$4 million, and those with over \$100,000 in adjusted gross income would pay \$299 million.

So it is important that Senators understand where this tax will fall. It will be on those who have incomes over \$100,000. They are the ones who will bear the heavy burden in terms of the additional gain, and that will be approximately \$300 million.

In the \$50,000 to \$100,000 range, there will be 22,000 taxpayers, and the amount of increase in their taxes will be approximately \$28 million. So the real increase will be for the individuals in this country who are making more than \$100,000 in income.

That, Mr. President, is the group of people in this country who are benefiting from the current loophole. It is in the hope of trying to close that loophole that we have advanced this proposal.

Again, I want to reiterate that the burden of this amendment has been carried in the Committee on Finance as well as on the floor of the Senate by members of the committee. Senator LONG himself deserves credit for recommend-

ing the minimum tax to the Senate without this loophole in 1969. The distinguished Senator from Wisconsin (Mr. NELSON) and I have worked over a period of years to close this loophole, and we have offered it jointly in the Senate today on behalf of ourselves and other cosponsors.

Mr. NELSON. Mr. President, will the Senator yield for questions.

Mr. KENNEDY. I yield.

Mr. NELSON. In reference to preference income, is it not true, that we do not by this amendment in any way change the fact that an individual can have \$30,000 of preference income without paying a tax on it?

Mr. KENNEDY. The Senator is correct.

Mr. NELSON. For example, does it not mean that an individual would have to have more than \$60,000 of capital gains in a single year in order to be required to pay any minimum tax under this proposal? In other words, he would pay on the \$30,000, as he does under present law. Then he has a \$30,000 deduction, so actually he could have \$50,000 income under the capital gains and pay no additional tax under the amendment.

Mr. KENNEDY. The Senator is quite correct. This is a bare minimum of tax reform. As pointed out by this example a person must have a large amount of capital gains, even with this amendment applicable, before he will be affected by it. The tragedy, the inequity, is that there are tens of thousands of Americans who fall into that category, who are able to take advantage of tax preferences, and are able to reap extraordinary tax benefits. That is a fundamental inequity, and it is a sizable loss to the Federal Government. When we consider the increase in the cost of the items that have been added to the bill even this afternoon, a number of which I have supported, I think it is necessary for us to consider additional ways to finance these measures and this amendment is certainly a responsible measure.

Mr. NELSON. As I recall, from reading the CONGRESSIONAL RECORD, the only Senator who raised a question in December 1969, objecting to the amendment offered by the former Senator from Iowa, Mr. Miller, was the distinguished Senator from Massachusetts (Mr. KENNEDY), who expressed his opinion at that time that the amendment, in fact, would not strengthen the bill but rather would weaken the minimum tax.

The minimum tax was discussed in the press nationwide as a reform by Congress, that Congress has finally said that, at least, wealthy people who are able under the law to take advantage of these amounts of preferred income would, as citizens, be required to pay a minimum tax of 10 percent. Was that not the objective of the proposal on the floor?

Mr. KENNEDY. The Senator is quite correct.

Mr. NELSON. There were two amendments, as I recall, offered by Senator Miller. It is these two amendments which really destroyed the objective of this tax.

The first amendment which allowed the taxpayer to deduct from his preferred income not only the \$30,000 but

all the taxes he paid on other regular income that year; and then a subsequent amendment, in which the taxpayer was allowed to carry forward for the next 7 years any part of any taxes he paid on regular income in the previous 7 years and he used that as a deduction from his preferred income. Is that not correct?

Mr. KENNEDY. The Senator is quite correct.

Mr. NELSON. Was it not also correct, at the time of the minimum tax it was estimated that it would raise about \$560 million?

Mr. KENNEDY. As I recall, the original prediction of the revenues that would be brought in by the minimum tax was greatly overestimated, and the error was due in large part to the inclusion of the loophole allowing a deduction for taxes paid.

Mr. NELSON. I wish to add, if the Senator will permit me one moment, to say that it was the intention of Senator Miller to strengthen the bill, as he so stated. I am sure that he did not recognize that the two provisions that Congress adopted on the floor without hearings did, in fact, the contrary; that, whereas we thought we were acting on a minimum tax, and so did the public, we in fact, did not adopt an effective minimum tax; and that is all we are attempting to do here.

Mr. KENNEDY. The Senator is again correct, although I tried to point out on the Senate floor that the effect of that amendment would be to enable large numbers of wealthy executives to shelter large amounts of tax loophole income.

I am pleased that the Senator has reviewed the legislative history. In effect, what we are trying to do is to remedy the distortion placed in the law in 1969. We are trying to go back to the recommendation of the Finance Committee of 1969, to recognize that there was a value in creating a minimum tax, and to try to make it work effectively.

The impact of the 1969 amendment has been to create one of the largest and least justified loopholes in the Internal Revenue Code, and its benefits go to individuals of very substantial wealth. One must have substantial income in order to be able to pay the taxes, and therefore to obtain the deduction against preference income. Thousands of wealthy individuals were able to do that in this country last year. In effect, they are frustrating what I think was a creditable and laudable effort by the Finance Committee to close tax loopholes through the minimum tax.

Let me point out again, for the benefit of Senators, that the tax preferences which are not now subject to the minimum tax are not affected by this amendment. We do not touch the interest on State and local bonds, we do not touch drilling and development expenses, or interest and taxes on real estate during the construction period, or the investment credit, or the gain on property transferred at death, or appreciation in property donated to charity.

Many who have studied the whole tax code believe that there are very sizable loopholes in these areas, but any

effort to close them must await a comprehensive tax reform bill.

This is a modest reform. It is important. It will provide extremely valuable revenues. It is one which I am hopeful will be accepted by the Senate this afternoon.

Mr. NELSON. Mr. President, I intend later to offer another amendment to strike out the provisions in here repealing the deductibility of the gasoline tax. I just wanted the Senate to be aware of that.

I should like to point out also that when this amendment was managed on the floor by the Senator from Massachusetts on June 27, 1973, it lost only by a 2-vote margin on a motion to table, the vote being 49 to table to 47 against.

Mr. LONG. Mr. President, as Senators have indicated, I hope we can vote on this matter some time soon, so that I would suggest those of us who are in opposition to the amendment be given about 12 minutes to respond to the speeches which have been made, and then that we divide the time—give both sides 5 minutes each to sum up their arguments, at which time we can vote.

Mr. President, I ask unanimous consent that we might do that—let the opponents have 10 minutes, divided 5 minutes to each side.

Mr. BENTSEN. Mr. President, reserving the right to object, I feel very strongly on this and I think I certainly need at least 5 minutes.

Mr. LONG. The Senator can have 5 minutes.

Mr. CURTIS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield. Does the Senator wish 5 minutes?

Mr. CURTIS. Five minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, I rise in opposition to the amendment. Let us make no mistake about it, this is an amendment the practical effect of which will be to make the fuel crisis greater. This is an amendment the practical effect of which will be to dry up further our supply of petroleum and petroleum products.

Prior to 1969, the depletion allowance for oil production was 27.5 percent. Congress reduced that to 22 percent. Then when we applied the minimum tax, it went down to 18.4 percent, and this proposal would reduce it further.

Here are some facts about this so-called minimum tax: More than 50 percent of the minimum tax paid by corporations is paid by the oil and gas industry, and more than 48 percent come from the depletion allowance. Now, ask: Can the production of oil and gas be increased by making it less profitable? We ought to have learned something. The exploration and discovery of oil and gas in the United States, since we made this mistake in 1969, has gone down, down, down right along.

We ought to take a lesson from the country of Argentina. At one time, Argentina was self-sufficient in petroleum products. Then they had a series of governments that were hostile to the indus-



try. They even drove it out. Today, Argentina's oil remains in the ground, and they are out competing with the rest of the world for Mideast oil.

There is no reason in the world why the United States should not be self-sufficient in energy. It does not make any difference whether you are trying to produce milk or tomatoes or corn or cotton or make automobiles. The more profitable it is, the more you will get. The more profitable it is to spend huge sums of money to go out and explore for gas and oil, the more you are going to get.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. CURTIS. I will yield in a moment.

The more the Government attacks by increasing the tax, the less you are going to get. Now, of all times, it is preposterous that the Senate of the United States should take action to further reduce our energy supplies.

Mr. President, the gasoline shortage is greater than we think. This is so with respect to tractor fuel and aviation fuel. Today, my State is facing a crisis because airlines are curtailing service. I live in a small town of 2,600 people who for 58 years have had an unusual Christmas lighting. People for hundreds of miles have come to watch. It is going to be dark this year because of the energy crisis.

Furthermore, there is a great burden upon the United States to produce all the food we can. If farmers cannot get tractor fuel and propane to pump water for irrigation, if they cannot get the fertilizer, which is a petroleum product, in the amount they need and at the time they need it—it will cut production by 10 percent—we have rendered a disservice to all mankind.

Mr. President, again I remind Senators that more than 50 percent of the corporate tax paid under the minimum taxes is paid by the oil and gas industry, and 8 percent of the amount paid by the corporations represents the depletion allowance.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. Mr. President, I yield 5 minutes to the Senator from Texas.

Mr. BENTSEN. Mr. President, I share the objectives of the Senator from Massachusetts and the Senator from Wisconsin in trying to find a way that those people who have large incomes pay a fair tax. But this is a strange amendment, indeed, in the way it actually works out.

The distinguished Senator from Massachusetts named those persons who are not affected by this amendment, the so-called preference income that is not touched by it. But the most important group it does not affect are those people with large incomes who pay no taxes today. This amendment does not increase their taxes at all. This is what we ought to be trying to work toward—to see there is a way we can get these people to pay their proportionate part of the tax.

It is paradoxical, indeed, when there is an amendment that provides that those persons who today are paying the most taxes will be the ones who will be penal-

ized the most by this amendment, and those people who are paying the least taxes and have the largest incomes will not be affected. That just does not add up to me, and I do not think that is the way we ought to approach this matter.

This is a highly complex tax situation. We are talking about tax reform next year and trying to get this job done in the Committee on Finance. That is where it ought to be done, instead of in a few minutes on the floor of the Senate.

The other point involved here is an increase in capital gains tax. We are having a problem today in getting equity money to go into the stock market, in financing new ventures, in trying to take care of the problem of creating new jobs, with projections of increasing unemployment in this country because of the energy crisis. That source of capital will be diminished if the tax is increased on venture capital by an increase on capital gains.

So I believe that this matter has not been given enough consideration, in light of what we are facing in our economy today. The Senator from Nebraska has talked about an energy crisis in this country; and it is a strange time, indeed, to start increasing the tax on that industry and those persons who are trying to add to our petroleum supplies today.

These are the main reasons why I sincerely hope this amendment will be defeated and that we can take it on and study it in depth in the beginning of the new year, and really attack this problem by trying to find out how we can get those persons who have vast incomes and pay virtually no tax to contribute their fair share.

I will tell Senators what this will do and how it will work. Those persons today who are paying high taxes—finding this amendment would give them no credit for the taxes they have paid—will be forced into more preference incomes. It means that they will go into more accelerated depreciation deals. If they convert all of their income to "preference income" they would finally be able to reduce their tax level to 10 percent and certainly that cannot be the objective of the sponsors of this amendment, but that could well be the result for a high-income individual with a clever tax lawyer. I do not believe that is the objective of the Senator from Massachusetts or the Senator from Wisconsin. I am confident it is not. But I think that is the practical result of how this amendment would work.

The amendment provides that the man who pays the highest taxes is not going to be given any credit for that against his minimum tax. The man with a large income who pays the least taxes is the man who will not be penalized by this amendment. The amendment is counterproductive and does not achieve its objective. I hope the Senate will reject the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield myself 2 minutes.

Mr. President, I agree with the Senator from Texas that many of us would like to

close the loopholes that exist for those who take advantage of the various preferences. We are unable to do that. This is not a comprehensive tax reform measure.

It is important for us to realize who is able to take advantage of the minimum tax. It is a blue-chip executive loophole. Why should the president of a giant corporation, who earns \$500,000 in income and perhaps pays \$250,000 in taxes, be able to take that \$250,000 and use it as a deduction against his preference income?

Where is the justification for this? Where is the fairness or equity in the tax system? It is important for us to realize that for every loophole created the tax will be borne by someone else who is going to pay. It will not be the executives who will pay for these loopholes. Rather, it will be the working people, who cannot take advantage of the loopholes and the other advantages in the tax code. For every loophole, someone has to pay to plug it up and it is the people who pay their taxes day after day and year after year and who are unable to take advantage of oil depletions, accelerated depreciation, and all the rest.

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

Mr. KENNEDY. I yield.

Mr. BENTSEN. Does the Senator agree that those persons today who have very large incomes and pay no taxes will not be penalized and those who have high incomes and pay high taxes will be penalized by this amendment?

Mr. KENNEDY. If the Senator's question: Are there still a number of tax preferences not subject to the income tax, the answer is yes. If the question is: Would I like to see the loopholes eliminated so they would all be paying a tax, the answer is yes. If the third question is: Do we treat all the people in the same way, the answer is no.

I would like to deal with the whole problem, but we are not able to have the whole apple. However, we can take a large bite of the apple. If we do not do so, we are continuing a loophole which, it is estimated by the Treasury Department, is an advantage to 30,000 individuals in this country with incomes over \$100,000. When that money is not paid because of tax loopholes, who pays it? It is the people who earn \$20,000 a year or under. We are not treating all the people equally, but we are trying to reduce the loopholes in an important and substantial way, and to guarantee that some of the wealthiest people in the Nation pay their fair share of tax.

Mr. PERCY. Mr. President, will the Senator yield to me for 3 minutes?

Mr. LONG. Mr. President, how much time do the opponents have remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 5 minutes remaining.

Mr. LONG. I only have 5 minutes. I yield 2 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, I would like to state as a matter of principle that I am very much for the minimum tax. I think it is absolutely unconscionable for people with high incomes to be pay-

ing no taxes. We should find a way to plug those loopholes and to do so as promptly as we can.

I would like to ask the Senator from Massachusetts, if under his amendment the President would have paid more taxes in 1970 or 1971, based on the information we have with respect to the deduction for Presidential papers in those years.

Mr. KENNEDY. The answer will depend on the facts. Since the President apparently paid only a small amount of tax in those years, the removal of the deduction for taxes paid would probably have no effect.

Mr. PERCY. I think we are familiar with what happened. A deduction was taken for Presidential papers in 1970 and 1971.

Mr. KENNEDY. That deduction might be analogous to the deduction for charitable gifts of appreciated property, which is not an item of tax preference. I have no knowledge whether the President had any tax preference income or would be required to pay a minimum tax.

Mr. PERCY. I would like to ask the floor manager what the case would have been.

Mr. LONG. The minimum tax would probably not affect the President. His taxes were low in those years because of the deduction for the gift of his papers. But we have changed the law in that respect since then and such gifts are no longer deductible.

Mr. PERCY. I understand this amendment would not have required the President to pay a penny more in taxes because it would not affect anyone who took a charitable gift deduction. For that reason we should not be deluded that this would fill all the loopholes.

I understand the House will begin hearings on tax reform early next year and Representative MILLS intends to go into reform of both capital gains and minimum tax laws. I wish to ask the Senator if that is true.

Also I wish to ask a second question. Taking into account that orphans' pension funds and insurance companies representing millions and millions of holders have an interest in the stock market, what effect in a very depressed stock market today would the passage of this amendment have if it became law?

Mr. LONG. I yield myself 1 minute.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LONG. It would increase the capital gains tax from 36.5 percent up to 40 percent; that is roughly a 10 percent increase. That could not do anything but further depress the stock market and demoralize and discourage the stock market, which is in very bad shape now, as the Senator knows.

With regard to this situation, I think that each Senator who wants to study this matter will probably come up with a different idea as to how this minimum tax should be implemented. The House is studying this and I have every reason to believe they will send us something in this area.

But we have to be careful about this matter. This could be a very unfortunate amendment. It could demoralize those

we call upon to find more oil and gas, by plugging a heavier tax on them.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. LONG. I yield myself 1 additional minute.

The Chase Manhattan Bank has stated that if we had not taxed away \$700 million a year from the oil and gas industry, which included the minimum tax we passed in 1969, we would now have 10 percent more oil than we have, on the assumption that the money would have been plowed back into developing more reserves. Furthermore, this amendment will be very demoralizing to the real estate industry by imposing another big tax increase on them.

#### A DOWNPAYMENT ON TAX REFORM

Mr. BAYH. Mr. President, the purpose of the minimum tax was to make possible the taxation, to a limited extent, of income which previously through certain special deductions permitted by the Internal Revenue Code had not been subject to taxation. Income accorded this special treatment is commonly referred to as "tax preference income." The minimum tax is derived by subtracting from total tax preference income the sum of \$30,000 plus the amount of any regular income tax paid and then taking 10 percent of the remainder. Not all income accorded preference treatment, however, is subject to the minimum tax. For example, income derived from interest on State and municipal bonds is not subject to any Federal income tax and is not included in the minimum tax as a preference income item. The same is true of charitable contributions of appreciated property, the investment tax credit and intangible drilling costs.

The minimum or additional tax for tax preference income was effective January 1, 1970 and is applied to the following preference items:

- First. Accelerated depreciation of real property;
- Second. Accelerated depreciation on personal property subject to a net lease;
- Third. Amortization of certified pollution control facilities;
- Fourth. Amortization of railroad rolling stock;
- Fifth. Stock options;
- Sixth. Reserve for losses on bad debts of financial institutions;
- Seventh. Depletion;
- Eighth. Capital gains and
- Ninth. Amortization of on-the-job training and child care facilities.

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 was 4 percent, rather than the statutory rate of 10 percent.

Congress enacted the minimum tax on tax preference income because, regardless of the individual merit of the provisions which establish such preferences, we did not want them to be pyramided by wealthy individuals to allow them to escape liability entirely.

Although there were several different minimum tax proposals submitted to Congress, the one finally adopted was that of the Senate Finance Committee which applied a flat 5 percent rate on all preference income in excess of \$30,000. The Finance Committee bill was amended on the Senate floor in an amendment offered by Senator MILLER of Iowa to raise the rate from 5 to 10 percent and to allow a further deduction of other Federal taxes paid. A year later, in December 1970, a further floor amendment was passed under which this minimum tax exclusion was broadened to incorporate a 7-year carry-over of regular income tax liability to the extent not initially utilized to offset tax preferences. It is this deduction of other Federal taxes paid that our amendment would eliminate.

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 his relatively low-tax burden that he pays on nonpreference 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.

The two Miller amendments, significantly reduced the impact of the minimum tax upon individuals who pay some Federal income tax. In the floor debate on the amendments, Senator MILLER stated that under his proposal the total revenue from the minimum tax would still be \$740 million in 1970. In fact the revenue collected has fallen far short of this goal. In 1971, the most recent year from which statistics are available the total income to the Treasury from both individuals and corporations was only \$439 million.

The amendments allowing for the deduction of Federal income taxes paid and for the 7-year carry-over were never considered by any tax-writing committee, but were added on the Senate floor with very little debate as to their merit or effect.

The administration has acknowledged that changes in the minimum tax are necessary. In its statement submitted to the Ways and Means Committee on April 30, 1973 by Secretary Shultz it noted that—

Experience with the minimum tax since 1969 reveals that the provision has not been effective in requiring every individual to pay a reasonable amount of tax based on a substantial portion of his income.

There is a clear need, Mr. President, for much broader, general tax reform legislation. Hopefully, the Congress will be able to fully address itself to this urgent yet complex problem early next

year. But the demand of the American people for greater equity in their tax laws is sufficiently great to require us to begin acting on tax reform legislation. I urge my colleagues to act favorably on this first step towards reform.

Mr. FANNIN. Mr. President, the minimum tax adopted in 1969 was based on a sound principle—that individuals or corporations should not be able to combine tax preferences in such a way as to escape totally their liability for Federal income taxation.

Now let us see what this amendment would do. The amendment would eliminate the income taxes paid from the computation of the minimum income tax. Mr. President, I want to stress the words income taxes paid.

The proponents of this amendment have circulated an explanation containing an example of taxpayer A and taxpayer B. Both taxpayers have preference income of \$100,000 and in addition taxpayer A receives a salary on which he pays \$100,000 in tax. Under current law, this amount is properly included in the minimum tax calculation and Mr. A pays no minimum tax. Taxpayer B has no salary income and, therefore, pays no ordinary income tax but pays \$10,000 in minimum income tax. Now let us compare these figures. Mr. A pays \$100,000 and Mr. B only pays \$10,000 and the proponents of this amendment say this is unfair to Mr. B, and that A also should pay \$10,000 additional.

Mr. President, this argument is ridiculous. The function of the minimum tax is to insure that every taxpayer in the United States makes some minimum contribution to the Government, and it is obvious that \$100,000 in income tax meets that function.

The amendment on its face is penal. If a taxpayer has not paid substantial income tax he would not have a deduction that the proponents of this bill are attempting to eliminate.

Mr. President, this is not a so-called loophole closing amendment, but rather a deliberate attempt to penalize certain of the taxpayers of this country.

One of the tax preferences under the existing minimum tax is capital gains, yet one of the most important assets of the United States is its capital market system with tremendous capacity to generate capital accumulation and to provide shifts in investment change. At a time when this country requires vast sums of capital, the capital gains tax rates should be reduced not increased.

The maximum effective tax rate on capital gains, currently 36.5 percent for individuals, would rise to 40 percent under the amendment. This rate would apply to that portion of gains for any year over \$460,000.

Under present law, the effective rate of capital gains tax for corporations is 30.75 percent. This would rise to 33.75 percent under the amendment.

For example, it has been estimated that some \$300 billion might be needed for pollution control facilities alone in the next decade. How can we accumulate this sum if we are now in a process of confiscating capital?

Mr. President, when we tax capital gains, let us consider the mounting inflation that is a part of each gain.

Prof. Henry C. Wallich in testimony before the Ways and Means Committee has pointed out inflation reduces the real gains which should be a basis for taxation. Mr. Wallich has stated:

The rate of inflation has been higher, since the last important changes were made in the taxation of capital gains in 1969, than during any other period in the United States except for major wars. From the beginning of 1969 through the end of 1972, the cost of living has risen 18 percent. Over the same time period, the Dow Jones index, the most visible symbol of capital gains, rose by 11 percent and the Standard and Poor's index by 16 percent. Over this relatively short period, therefore, inflation has been about equal to the stock market appreciation in terms of both of the indexes.

Mr. President, advocates of this amendment claim it is intended to reach those few high-income individuals who avoid most or all taxation through skillful use of so-called tax preferences. This is not the case. It imposes a higher tax burden on hundreds of thousands of individual and corporate taxpayers who are now paying the full rates prescribed by law. For example, currently 32,000 individual returns have minimum tax liability. This would rise to 65,000 under the proposed amendment.

Changes in the minimum tax would reduce the effects of such incentives as mineral depletion and accelerated amortization of pollution control equipment. However, its primary effect is on capital gains. The Treasury Department has reported that 84 percent of minimum tax revenue from individuals is attributable to the increased effective rate on capital gain.

Changes in the minimum tax formula, such as this amendment, would seriously impede the essential processes of capital formation and investment in productive enterprises. The present balance between capital saving and consumer spending is already precarious. Many economists maintain that the existing rate on capital gain represents taxation of capital rather than taxation of real income.

Mr. President, there will be virtually a limitless need for capital investment in the foreseeable future. Let us examine one industry; the timber industry. The effects of proposed minimum tax changes on timber growing could be devastating. The rate of investment in the Nation's forest resources must increase dramatically if we are to achieve levels of production sufficient to meet increasing demands. Because of the long growing cycle, the need for sustained yield management programs, and the risks of uninsurable casualty losses, investors in timber property are already at a disadvantage compared to other investment opportunities. Capital gains treatment is the only tax incentive afforded timber growers to overcome these handicaps, and that incentive was reduced in 1969. Further reductions through the minimum tax or other mechanisms would virtually foreclose the possibility of attracting sufficient capital to meet future needs.

Pressures for hasty action on pending

minimum tax legislation should be resisted by those who are concerned with problems of resource supply and productive capacity. It is foolhardy to say that since the deduction for taxes paid was added by a floor amendment, it is appropriate that it now be repealed by a floor amendment. It is only reasonable that the effectives on essential sectors of our economy should be thoroughly examined before action is seriously contemplated; and certainly there must be ample opportunity for public hearings and expert testimony.

Mr. NELSON. Mr. President, on November 9, I introduced amendment No. 647 to H.R. 3153 deleting the provision repealing the deduction for State and local gasoline tax presently allowed and in its place repeal the provisions under the present minimum tax which permits a deduction for regular income taxes and a 7-year carry-over of such taxes in calculating income subject to the minimum tax.

On November 20, Senator KENNEDY also offered an amendment No. 700 to H.R. 3153 repealing the provision permitting a deduction for regular income taxes paid under the present minimum tax. While I have frequently proposed amendments strengthening the minimum tax, both in the Senate Finance Committee and on the Senate floor, Senator KENNEDY has also been an ardent champion for strengthening the minimum tax. As a matter of fact, when the amendment to the minimum tax allowing a deduction for regular income taxes paid was offered in the late hours of December 10, 1969, to the Tax Reform Act of 1969, Senator KENNEDY was one of the few Senators who expressed concern that it would not, as announced, strengthen the minimum tax but weaken it. Experience clearly demonstrates that Senator KENNEDY's suspicions were well founded and that this amendment and a subsequent amendment adopted the following year have destroyed the effectiveness of the minimum tax.

To remedy this defect in the minimum tax, Senator KENNEDY and I will be offering today, two separate amendments; the first to be sponsored by Senator KENNEDY with myself as cosponsor, will repeal the provisions allowing a deduction for regular income taxes paid; the second which I will sponsor and Senator KENNEDY will cosponsor, will delete the committee amendment to repeal the deduction for State and local gasoline taxes.

While there are two separate amendments, they should be considered part of the same package. We recognize the need to increase tax revenues to pay for the new and very desirable tax credit for workers with low income families. We therefore propose that the revenue raised by this amendment be used for this purpose. Furthermore, whatever the arguments given for repeal of the gasoline tax; such as that it is essentially a users charge and should therefore be borne by highway users not by the general taxpayer, that in the context of raising money for the tax credit our amendment to strengthen the minimum tax

which applies only after an individual has \$30,000 of preferred income, is a much more equitable way of raising this revenue than repealing the gasoline tax deduction which is of some value to the average American taxpayer.

One of the few advantages of the complexity of the Internal Revenue Code is that it is not easily understood. The Internal Revenue Code disguises legalized robbery with tongue-twisting technicalities and mind boggling complexities. If some of the provisions in the Internal Revenue Code were clearly understood they could not be defended by any elected representative. They represent a transfer payment from those least able to pay to those most able to enjoy the benefit.

Although the tax preferences are hidden by the complexity of the tax law, occasionally a gleam of light falls on the tax system revealing some truth. For example, I noticed in the Washington Post of yesterday an article about a well-to-do gubernatorial candidate in California who cited his own income tax as evidence that tax reform laws are needed. It was reported that William Matson Roth, a wealthy shipping executive revealed Monday that he paid no Federal income taxes for several of the years in the 1960's.

It was to end this kind of tax abuse that Congress in 1969 enacted a minimum tax provision. It is generally recognized however, that the minimum tax provision as amended is a mockery of attempted tax reform. In previous speeches I have discussed in detail the extent of the failure of the minimum tax. Briefly, its failure is revealed by the facts that:

In 1971, 276 taxpayers with incomes of over \$100,000 paid no Federal income tax at all.

In 1971 individuals paid \$163 million in minimum tax on total preference income of \$6.2 billion for an overall effective tax rate of 2.63 percent, rather than the statutory rate of 10 percent.

Not to reform our tax code but to bring some sanity to it, we are proposing this modest amendment. We propose to eliminate from the present minimum tax the deduction for regular income paid which is inconsistent with the basic purpose of the minimum tax and which has substantially destroyed, as indicated above, the effectiveness of the minimum tax. The provisions in the minimum tax which we propose to eliminate were themselves added on the Senate floor with little debate as to their merit or effect. It seems, therefore, only fitting and proper that the Senate redress the damage it did on the Senate floor by repealing this most pernicious provision.

It is important to remember what the proposed amendment does not do. It does not in any way change the structure or composition of the present minimum tax. It does not:

First, change or raise the statutory rate of 10 percent;

Second, reduce or eliminate the deduction of \$30,000 presently available to every taxpayer before calculating income subject to the minimum tax;

Third, add a single new item of preference income to the base of the minimum tax, for example, intangible drilling and development cost as has been proposed from time to time.

We propose that the revenue gain from our amendment strengthening the minimum tax be used to pay for the new and very desirable tax credit for low-income workers with families instead of the committee proposal to pay for the tax credit by repealing the gasoline tax deduction. The gasoline tax deduction is of benefit to average American taxpayers. Individuals with taxable income of \$20,000 or less received 71.1 percent of the benefit of this deduction.

Even with our amendment, the minimum tax would still only apply to wealthy individuals, who have more than \$30,000 in preferred income each year, regardless of how much regular income they also have.

These two different approaches to raise the same revenue are not like two ships passing in the night, but rather like ships steaming off in opposite directions.

We propose raising the additional necessary revenue, not by taxing already overburdened average American income but by taxing forms of income that escape taxation entirely. Figures clearly demonstrate that the average taxpayer does bear the brunt of the tax obligations. Mr. President, I ask unanimous consent to insert in the CONGRESSIONAL RECORD at this time, the most recent data on Federal individual income tax liabilities by adjusted gross income classes.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The following data represent the most recent estimated distribution by adjusted gross income class of Federal individual income tax liability. The data are at estimated calendar year 1972 levels.

<i>Individual income tax liability</i>	
Adjusted gross income class (thousands):	<i>Billions</i>
0-25	0.2
25-50	1.8
50-75	4.0
75-100	9.6
100-125	20.1
125-150	18.3
150-200	23.2
200-300	8.0
300 and over	7.8
Total	91.0

Mr. President, this table shows that taxpayers with adjusted gross income of \$20,000 or less pay 57.2 percent of the entire individual tax liability.

Also in 1970, the average tax for all joint returns with an average of a little more than two exemptions, was 13.3 percent of adjusted gross income. It, therefore, does not seem unreasonable or harsh that after a \$30,000 deduction available every year, wealthy individuals pay a tax of 10 percent on their preferred income which has entirely escaped taxation.

Mr. KENNEDY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. KENNEDY. Mr. President, in 1969

we increased the tax rate on capital gains from 25 percent to 36.5 percent. That was a 50-percent increase on capital gains, and yet Wall Street did not even blink. That was a 50-percent increase on capital gains in the Tax Reform Act of 1969.

The Senator from Louisiana mentions approximately a 10-percent increase in capital gains at the present time, from 36.5 percent to 40 percent. I think the increase is only a slap on the wrist, affecting one of the largest loopholes. What may or may not happen on Wall Street is irrelevant to this amendment.

I hope the Senate agrees to the amendment.

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

Mr. KENNEDY. I yield 1 minute.

Mr. BENTSEN. Wall Street may not have blinked but the stockholders of this country did. After removing the weighted indices, today the average price of a share of stock on the New York Stock Exchange is exactly one-half of what it was before the change in the capital gains tax. I do not know how much influence that had but insofar as to how the stock market has reacted since then, that probably contributed to it.

Mr. KENNEDY. I know the Senator from Texas and the Senator from New Jersey have been doing a great deal of fine work in their investigation of the securities market. But it has been my impression there are many other factors related to the depression in the stock market, and the 1969 act probably had little or no effect. Certainly in the face of the recession of 1970 and the energy crisis today, it is easy to find obvious reasons for the plunge in stock prices.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KENNEDY. I yield back my time.

The PRESIDING OFFICER. All time is yielded back or expired. The question is on agreeing to the amendment of the Senator from Massachusetts. 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 Florida (Mr. CHILES), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. EUGES), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONROYA) and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. HARTKE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The Senator from Idaho (Mr. McCURE) and the Senator from Oregon

(Mr. Packwood) are absent on official business.

The Senator from New Hampshire (Mr. Cotton) is absent because of illness in his family.

The Senator from Arizona (Mr. Goldwater) is absent by leave on official business.

The result was announced—yeas 37, nays 46, as follows:

[No. 637 Leg.]

YEAS—37

Abourezk	Hatfield	Moss
Bayh	Hatheway	Muskie
Bible	Huddleston	Nelson
Biden	Humphrey	Pastore
Brooke	Inouye	Pell
Byrd, Robert C.	Jackson	Proxmire
Cannon	Javits	Ribicoff
Case	Kennedy	Schweiker
Church	Magnuson	Stevenson
Clark	Mansfield	Tunney
Cranston	McIntyre	Williams
Eagleton	Metcalf	
Hart	Mondale	

NAYS—46

Aiken	Ervin	Percy
Allen	Fannin	Randolph
Bartlett	Fong	Roth
Beall	Fulbright	Saxbe
Bentsen	Gravel	Scott, Hugh
Brock	Griffin	Scott,
Buckley	Gurney	William L.
Burdick	Hansen	Sparkman
Byrd,	Helms	Stafford
Harry F., Jr.	Hollings	Stevens
Cook	Hruska	Taft
Curtis	Johnston	Talmadge
Dole	Long	Thurmond
Domenici	McClellan	Tower
Dominick	Nunn	Welcker
Eastland	Pearson	Young

NOT VOTING—17

Baker	Hartke	McGovern
Bellmon	Haskell	Montoya
Bennett	Hughes	Packwood
Chiles	Mathias	Stennis
Cotton	McClure	Symington
Goldwater	McGee	

So amendment No. 700, as modified, was rejected.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. Mr. President, I move to lay that motion on the table.

Mr. HANSEN. Mr. President, 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 Rhode Island is recognized.

Mr. PASTORE. Mr. President, if I may have the attention of the Senate, I understand that a concession was made to set aside the matter of the debt ceiling legislation in order to facilitate the passage of the social security bill now pending before the Senate.

I realize, Mr. President, that many of the amendments that are being proposed are well motivated. All of them have a sense of nobility involved. Many of them have been proposed before and have been passed before. Then they were removed from the bill when the matter went to conference.

Mr. President, even though we have been allotted until 7 o'clock to work on the social security bill, thereafter we will have to go back to the debt ceiling legislation, if I am not mistaken. And I would hope that my colleagues who are interested in giving our aged a little percentage increase would bear this in mind,

that we would be able to go home this weekend and tell these poor people who need help that the help will be forthcoming.

I would hope that anyone who has an amendment that he thinks is a credible amendment would bring it up at some later date.

For that reason, I should like to address a question to the majority leader. I would like to know if the majority leader could estimate for us first how many more amendments we will have, whether or not we will have rollcall votes on the amendments, and whether or not there is a possibility of having final passage before we go home tonight?

Mr. MANSFIELD. Mr. President, there are other amendments. But so far as I am aware, there are two amendments to be offered by the distinguished Senator from Alabama (Mr. ALLEN) on which he and the chairman of the committee, the Senator from Louisiana (Mr. LONG), have agreed to a time limitation of 20 minutes each.

Are there other amendments?

Mr. ERVIN. Mr. President, I was going to offer one of those amendments. I was not informed of a time limitation. I would not want to agree to a time limitation.

Mr. MANSFIELD. Mr. President, would the Senator from Alabama (Mr. ALLEN) agree to a time limitation on his amendment?

Mr. ALLEN. Mr. President, I agree to a time limitation on the amendment I will offer.

Mr. MANSFIELD. Are there any other amendments?

Mr. DOLE. Mr. President, I have one that will take, I believe, 30 seconds. On another amendment, it may take a few seconds longer.

Mr. MANSFIELD. Are there any other amendments?

Mr. KENNEDY. Mr. President, I have one amendment. I would be glad to have a 15-minute time limitation.

Mr. MANSFIELD. Mr. President, are there other amendments?

Mr. CURTIS. Mr. President, my information is that the Senator from New York (Mr. BUCKLEY) has one amendment. I believe that it will not take too long.

I am interested in one of the amendments to be offered by the Senator from Alabama. I do not know whether that is the one he mentioned or not.

Mr. ALLEN. That is the amendment the Senator from North Carolina will offer. He and I are cosponsors of that amendment.

Mr. PASTORE. Mr. President, could we have a unanimous-consent agreement that we vote on final passage at 7 o'clock?

Mr. MANSFIELD. I think that is entirely possible and reasonable.

Mr. ERVIN. Mr. President, if I can get my amendment called up next and disposed of, I will not object. I will not take long. However, I do not want to be whiplashed.

UNANIMOUS-CONSENT REQUEST

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendment of the Senator from North Carolina (Mr. ERVIN) be called up after this colloquy

and that a vote on final passage take place at 7 o'clock.

Mr. ALLEN. I object.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I am as anxious to pass this bill as any other Senator. There are enormous things contained in the bill that should not be decided in a willy-nilly fashion without the Senate having a chance to take a position on it. Some of the amendments have a great deal of merit. Some do not have so much merit.

If we have to come back and work tomorrow or even next week, we ought to do a responsible job. As manager of the bill, I know that we have some things to vote on as yet that ought to require the careful consideration of the Senate. It might not be possible to dispose of the bill that quickly.

Mr. PASTORE. Mr. President, I realize that. However, I have been given to understand that once we get back on the debt ceiling, the leadership has decided that nothing will interfere with that matter until we dispose of it. That matter may go over until next week or even beyond, depending upon what the vote on cloture may be.

All I am saying at this juncture is that the House has sent us a bill with an 11-percent increase, and the people who are to be the beneficiaries of it are waiting anxiously for that 11-percent increase. Here we are, dilly-dallying with a lot of extraneous matters. We are talking about tax deductions and a lot of other things which have no connection with this, that will be brushed off when it gets into conference, and all I am saying is, let us have a little sense of practicality and pragmatism, and let us give these people what they are all waiting for, their 11-percent increase.

Mr. LONG. Mr. President, I appreciate everything the Senator has said, but I also know that there are items in this bill that Senators do not thoroughly understand, and that there are items that will be offered to be added to or taken from it, involving hundreds of millions, even billions of dollars, and as the manager of the bill, if this Senator can see to it, we are going to do a responsible job, and I intend to do the best I can to see that that is the case.

It is entirely possible that even after we pass the bill after we have worked diligently, coming in early and going home late, the House may then let it stand on the calendar for 2 or 3 weeks or a month before they do business with us. Those are some of the kinds of frustrations that happen. I will do the best I can to move the bill along, but by way of being responsible, I think we should not agree to shut off debate and vote at 6, 7, 8, or 10 o'clock.

I think we are making very fine progress. The last amendment, which we disposed of in about a half hour, was a very important amendment, and I think there are important considerations on both sides.

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

Mr. LONG. I yield.

Mr. MANSFIELD. The Senator has made a very fine statement, and I would

agree with him, but in an effort to keep things moving, I would hope he would agree, on proposals such as that of the Senator from Alabama, to a time limitation. I would hope we would not talk ourselves out between now and 7 o'clock, but would make every effort to bring this matter to a head, so it would be possible at that time to vote on final passage.

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

Mr. MANSFIELD. I yield.

Mr. LONG. May I ask the Senator, has it really been determined, without any peradventure of modification of change, that starting at 7 o'clock we are going to go back to the area where we are completely in deadlock, that is, with regard to the debt limit and the amendment involving campaign financing, or is there some possibility that if the bill has not been passed by that time, both sides might be willing to delay further consideration while we do the Nation's work?

Mr. MANSFIELD. I am sure that would be allowable, but I would point out, in response to a question raised by the distinguished Senator from Rhode Island (Mr. PASTORE), that in the next several days we do have other important pieces of legislation: daylight saving, legal services, an independent Watergate prosecutor, just to mention a few. So we do have an important schedule, and I want to thank all Senators for their cooperation.

Mr. PASTORE. Mr. President, I do want to be helpful to the manager of the bill. I threw him the ball, but he ran in the opposite direction.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. DOLE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. FANNIN). Without objection, it is so ordered.

Mr. DOLE's amendment is as follows:

On page 87, lines 21 and 22, insert the following new section:

Sec. 136. Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:

"REPORTING REQUIREMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES

"Sec. 1133. In addition to other requirements imposed by law as a condition of approval of a State plan under part A of title IV or under title VI, there is hereby imposed the requirement that such plan provide that, not later than 45 days prior to the beginning of each fiscal year (commencing with the fiscal year which ends June 30, 1975) that such State shall compile, and make public, a list (with respect to social services to be provided for the coming fiscal year under such plan) which indicates each type of service which such State intends to provide (for such fiscal year) under such plan, the anticipated expenditures (from both State, local, and Federal sources) for such type of service for such fiscal year, and the criteria to be imposed under such plan to determine

eligibility for each such type of service. Nothing in this section shall be construed to limit the right of any State to revise its plan (as referred to in the preceding sentence) with respect to the provision of social services for any fiscal year, or otherwise modify the conditions and circumstances under which such services will be provided thereunder, for or because of the fact that such State shall have previously compiled and made public the list referred to in the preceding sentence."

On page 87, line 23, strike out "136" and insert in lieu thereof "137".

Make appropriate conforming changes in the table of contents of the bill.

Mr. DOLE. Mr. President, this amendment has been discussed with the staff. Let me explain it very simply. It provides that 45 days prior to the beginning of each fiscal year, each State shall make public the following information regarding its social services program:

First, a list of services to be provided under the program.

Second, the anticipated expenditures. Third, the criteria to be imposed under such plan to determine eligibility for each such type of service.

All this does, in effect, is give 45 days' notice to those who may be concerned about the various social services programs, and that is all the amendment prescribes. There are no penalties involved if the intentions made public are not realized during the year, and thus the amendment would not limit the flexibility now available to the States in developing their programs. But it does, I think, cure one defect.

We have heard from a great number of people in the State of Kansas who would like to have some input with the State legislature and their Governor on how the money should be spent. I believe that giving a 45-day public notice the public will have ample opportunity to express themselves, first of all to the Governor and second to the legislature, and I think we will have, in effect, a better expenditure of funds for better programs under the bill.

I support the Mondale social services amendment and feel generally that legislation which moves the decision-making powers from bureaucrats in Washington to the people at the State and local levels will result in a more efficient and effective utilization of Federal tax dollars. If revenue sharing is the solution to our problems in other areas, it can work to solve our social problems too, since even greater local flexibility is needed in these areas. Yet, at the same time I feel that the Federal Government has a responsibility to insure that the federalism approach functions as it should. There is nothing mysterious about the revenue-sharing concept that insures that turning the funds over to officials at the lower government levels will insure they are used in a more effective manner. Transferring the funding decisions from the Federal bureaucracies to State bureaucracies is not in itself the solution.

Decentralization of the decision-making powers will only serve to improve Government if the people at the community level become involved and have an active voice in the development of

programs and the determination of how the funds are to be utilized.

Because I feel that it is important that beneficiaries, providers, professionals, and all other parties interested in a viable social services program be involved in its development, I am proposing an additional amendment which I ask to be considered at this time.

The amendment provides that 45 days prior to the beginning of each fiscal year, each State make public the following information regarding its social services program:

First. A list of services to be provided under the program;

Second. The anticipated expenditures for the entire program and for each specific service;

Third. The criteria to be imposed under such plan to determine eligibility for each type of service.

This information would serve to notify all parties interested in and concerned with the social services program what the State intends to accomplish with its funds and who the State intends to serve. As prescribed by the amendment, the information would not be binding on the State, and the program could be adjusted by the State without any notice or publication. No penalties would be involved if the intentions expressed in the publication were not realized during the year. Thus, the requirement of this provision would not limit the flexibility now available to the States in developing their programs.

The publication would put the Government on record as to what it intends to do with the social services program. I would encourage a better organized and fully developed State plan. It would also, when compared with the year end reports made to the Federal Government, require that States have facts and figures to justify the need for any alteration in the social services program as announced at the beginning of the year.

I would agree that Federal control has made the Social Services program an administrative nightmare over the past year. While it seems reasonable to limit Federal intervention, it still seems that we have some responsibility to assure that a procedure is established at the local level to guarantee that the social services funds are spent wisely.

Kansas has an entitlement of over \$27.1 million in social services funds, an amount which exceeds by nearly \$6 million the general revenue sharing funds made available to the State. Thus, this is a sizable program; and I think it is wise that before we remove all Federal controls, we make sure that within the limits of flexibility we wish to grant to the States, that the funds are utilized for their intended purpose. I feel that added assurance can be obtained through a system of checks and balances at the local level, by insuring maximum involvement on the part of all individuals concerned. I feel the amendment I have proposed will help insure this involvement and am hopeful that my colleagues will join in support of the measure.

Mr. LONG. Mr. President, the whole purpose of the committee approach to this social services problem was to give

the States as much freedom as could be accorded to the States to handle their social services programs, and to do it in the way they thought it should be done. They have to report to us how they have spent the money. This is just more paperwork, to make them report in advance what they are planning to do, and then the amendment says, in the last section:

Nothing in this section shall be construed to limit the right of any State to revise its plan (as referred to in the preceding sentence).

So it requires them to report what they will do, and then does not require them to do it anyway. To me, Mr. President, it is just a matter of unnecessary paperwork imposed on the States. It is up to the Senate what it wants to do about it.

I would think the States would object to having to report something in advance when perhaps they might not know that far in advance precisely how they are going to put their plan together. So I personally do not favor it, but I am willing to abide by the Senate's wishes on the matter.

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

Mr. LONG. I yield.

Mr. DOLE. It is the intent of the Senator from Kansas simply to make available public notice, so that those providers of services and others who have an interest in the social services program will have the right to be heard by their legislators or their Governors. It is not my intent to provide any additional paperwork; it is my intent to have some public notice of what the proposed programs may be, what the criteria may be, and what the expenditures may be.

I do not look upon that as any great limitation. It certainly is not intended as a limitation on the programs and those who administer the programs.

Mr. LONG. Mr. President, I am not saying that that is an unreasonable requirement, but the committee's thought was that we should place no more requirements than necessary on the States, and this is just one more requirement.

My thought would be that this matter of notice and hearings and all that is something that should be addressed to the legislators and to the Governors, without imposing it on them. It is not a matter of great moment one way or the other, but I personally do not feel we ought to impose any more requirements on the States than we have already imposed.

The PRESIDING OFFICER (Mr. FANNIN). The question is on agreeing to the amendment of the Senator from Kansas (putting the question). The yeas have it.

The amendment was rejected.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The vote has been announced, and the request is not in order.

Mr. DOLE. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the proper place insert the following new section:

Sec. —. During any period during which any foreign country prohibits or limits the export of crude oil or refined petroleum products from such country to the United States, there shall be no export of articles, materials, and supplies used in the exploration for crude oil, the extraction or refining of crude oil, or the transportation of crude oil or refined petroleum products, from the United States to—

- (1) such country, or
- (2) any other foreign country which is exporting such articles, materials, or supplies to such country.

Mr. DOLE. Mr. President, the amendment I am now proposing would prohibit the export of articles, materials, supplies, and equipment used in the exploration, discovery, extraction, or refining of crude oil to any foreign country so long as that foreign country prohibits the export of crude oil or refined petroleum products to the United States. The export ban would also apply to foreign countries which transship American-made materials used in the oil production industry to those countries which have placed an embargo on the exportation of oil to the United States.

Mr. President, I am not certain how many in this Chamber may have watched the network program the other morning, where it showed shiploads of oil field equipment and supplies leaving Houston, Tex., headed for Saudi Arabia at the very time some of the Arab countries have enough machinery and supplies and tubular casings to last them for 2½ years, and at the very time when the producers in Kansas, Texas, Oklahoma, and other States are unable to obtain this very same equipment.

It is the intent of this amendment to assure that the equipment and materials manufactured in the United States and which are essential to increased oil production are used to increase the availability of crude oil to the United States. It is questionable whether the embargo proposed by this amendment will change to any degree the policies of those countries which have restricted oil exports to the United States. The amendment will, however, enable us to increase our domestic capacity to produce the oil that is so vitally needed at this time.

It simply makes no sense for us to continue to export to countries that restrict exports of oil to us, drilling equipment, pipe and casing, and other materials essential to the oil production process when these items are in short supply domestically. A shortage of these essential items is creating a problem for the oil companies who are attempting to expand our domestic production capabilities. According to an article in the October 22, 1973, edition of the Oil and Gas Journal, the current supplies of drill pipe, casing, and other tubular products have been nearly exhausted and some domestic firms are facing an 18-month delay in the delivery of drill pipe and other essential items. Other contractors have indicated they will not be able to obtain the necessary supplies for drilling until 1975. A major company's 14-well drilling program in the Oklahoma Panhandle and southwestern

Kansas is being delayed until the company has casing and tubing on hand for the development wells. Hardest hit by the shortages are the independents who normally drill the bulk of the country's wildcats.

At a time when the country needs domestic exploration and economic incentives are available to increase discovery efforts, the equipment needed to expand drilling operations is not available.

The causes of the shortages in materials essential to the oil industry are many. The steel shortage, the devaluation of the dollar, the increased demand for the items have all contributed to the problem, and I feel it is likely that we will find it necessary to deal with the impact of these factors on oil production in the near future.

But disregarding the limited amounts of oil-producing materials that are on hand and the economic factors that have led to these shortages, I feel that it is obvious to all of my colleagues that we are only complicating the problem by exporting the items that are essential to the oil discovery and producing process to countries that will not in return export oil to our country. During the first 9 months of this year, field drilling machinery and equipment valued at nearly \$300 million—30 percent of total domestic production—was exported from the United States, according to the latest Department of Commerce figures.

Approximately 20 percent of these exports went to Arab nations which have refused to let the oil our equipment produces be returned to this country. During the same 9-month period more than 138,000 tons of oil country goods—tubing, casing, and drill pipe—were exported from the United States, a sizable portion—approximately 15 percent—of which went to Arab countries. Our domestic supply of these essential items whose scarcity is slowing domestic recovery efforts would be increased by 1.7 percent if we were to halt the flow of these goods to countries who refuse to export oil to us.

Although these figures do not appear too significant at first glance, they are important when you consider that we are looking at a predicted 17-percent shortage which through various programs and measures we are trying to cover. If an additional 5-percent increase in discovery operations made possible by retaining these items now shipped to Arab countries could result in a 1-percent increase in production, that would have a significant impact on our efforts to meet the predicted energy shortage. When Americans are being asked to incur various hardships and inconveniences in their daily lives to conserve energy, any action we can take to increase energy resources take on significance.

I would also like to point out that the Department of Commerce figures which I have quoted, only reflect direct exports to Arab nations and in no way reflect U.S. exports of these goods to other countries which are later trans-shipped to Arab countries or which enable other countries to export to the Arab countries similar items of their own production. My amendment would cover not only

direct exports to countries who have embargoed exports of oil to the United States, but also exports to other countries which in turn export similar articles, materials, or supplies to countries which have placed an embargo on oil exports to the United States. Thus the amendment would halt the export of U.S. goods which enables a foreign country to export to one of the nations which is limiting exports of fuel to the United States.

Statistics relating the impact of this ban on imports that are trans-shipped to Arab countries or else make it possible for other countries to ship their own goods to Arab countries are not available at this time, but it is likely that this portion of the amendment could make a considerably larger portion of the essential items available to domestic users.

Shortages in oil production equipment are being felt across the country. The Independent Petroleum Association of America has provided the attached information regarding the number of wells various independents have indicated they will not be able to drill due to pipe shortages. I ask unanimous consent that this information be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

**NUMBER OF WELLS HE CITES THAT WON'T BE ABLE TO BE DRILLED DUE TO THE PIPE SHORTAGE OR CHARACTERIZATION OF SHORTAGE**

1. W. M. Thacker, Jr., Expando Production Co.; Wichita Falls, Texas; 1—9,000' well.
2. Victor R. Gallagher; Evansville, Indiana; 3 wells.
3. H. D. White, Southern Triangle Oil Co.; Mt. Carmel, Illinois; "Impossible to get casings and steel products . . ."
4. H. S. Barger, Barger Engineering Inc.; Evansville, Indiana; "Shortage of oil field casing . . . hampering oil exploration . . ."
5. Guy F. Sittler, Ohio Oil & Gas Assn.; Newark, Ohio; "Oil and gas industry in Ohio . . . gravely affected . . ."
6. James K. Vincent, Reynolds & Vincent; Owensboro, Kentucky; ". . . experiencing extreme difficulty . . ."
7. Charles L. Lucas, L&H Drilling Co.; Owensboro, Kentucky; ". . . 'critical' shortage . . ."
8. John W. Weaver, Tamarack Petroleum Company, Inc.; Evansville, Indiana; ". . . 'becoming more and more difficult' . . ."
9. H. W. Hacker, Indiana Farm Bureau Coop. Assn., Inc.; Mt. Vernon, Indiana; ". . . independent producers are unable to obtain casing . . ."
10. J. D. Turner, Evansville, Indiana; 30 wells.
11. George P. Mitchell, Texas Indep. Producers & Royalty Owners Assn.; Austin, Texas; "Critical shortage" translates into 30-50 percent fewer wells.
12. Jack M. Allen, Panhandle Producers & Royalty Owners Assn.; Amarillo, Texas; 3 wells canceled, 18 delayed.
13. Cortlandt S. Dietler, Rocky Mountain Oil & Gas Association; Denver, Colorado; "Shortage of steel for small operators will be critical in early . . . 1974."
14. Roland Gouldy, North Texas Oil & Gas Association; Wichita Falls, Texas; "Not one of these (pipeline) dealers has any pipe or stock . . ."
15. Mack Wallace, Railroad Commission, Austin, Texas; 300 wells.
16. James H. Nobles, Jr., MacFarlane Company; El Dorado, Arkansas; 1—9,000' drilling

but no pipe . . . unable to get commitment for 1974 deliveries.

17. James B. Gehr, Independent Oil & Gas Assn. of West Va.; Clarksburg, W. Va.; 12 wells last quarter 1973.

18. Glenn Ferguson, Independent Oil & Gas Producers of Calif.; Los Angeles, Calif.; "extremely short supply. . ."

19. Norman D. Fitzgerald, West Central Texas Oil & Gas Assn.; Abilene, Texas; ". . . lack of tubular goods as disaster. . ."

20. Michael Chambers, General Oilfield Supply Co.; Evansville, Indiana; "unable to furnish . . . pipe to my customers. . ."

21. Don. C. Weller, Ky. Oil & Gas Assn.; Owensboro, Kentucky; "wells scheduled for November and December have (been) tabled. . ."

Mr. DOLE. Mr. President, Kansas independent oil companies have indicated that as many as 150 to 200 discovery operations which would have been undertaken across the State will not now be drilled because of the shortage of pipe. It is estimated that if Kansas oil producers would have had a steady supply of casing and drilling pipe in the first 9 months of 1973, they would have drilled 250-300 more wells. With an average new well productivity of 50 percent, 300 new wells would have realized an increase of 4,500 barrels per day. It is estimated that had the 44,000 tons of tubular goods exported to Arab countries been made available to U.S. producers domestic production could have been increased by 42,300 barrels per day, using a conservative well average of 30 barrels per day.

In spite of tubular shortages, the mid-continent area oil producers—the Texas panhandle, Oklahoma, Kansas, and a part of Nebraska—increased running drilling rigs from 157 in 1972 to 216 to date for 1973. If they had had the pipe, there would be at least 250 running drilling rigs would be operating in the mid-continent region.

We do have oil reserves in the United States which can be tapped and produced economically. It is time we take every step necessary to encourage domestic production, and I feel this amendment will contribute to this effort.

I feel this one other point regarding the impact the amendment would have on Arab countries bears mentioning at this time. It has been estimated that the Arab countries have approximately a 2½-year supply of most equipment and pipe which is being used in the production of petroleum. Thus, the embargo would have little impact for several years as far as Arab production is concerned and could significantly help our domestic production. Second, Assistant Secretary Hickman in testimony before the Energy Subcommittee indicated that the Arabs are interested in slowing the rate of exploitation of the oil reserves in the Middle East. They are receiving adequate income from their resources and would rather extend the period of time over which the oil is produced rather than continued exploration and recovery operations at such a rapid rate as the present time. These factors add additional arguments for this amendment and emphasize the need to develop our own energy resources.

Mr. President, I feel that this measure

would be helpful to domestic oil producers in their efforts to expand production to meet the needs of the energy crisis, and I therefore urge my colleagues to join in support of the amendment. The State of Kansas and Kansas firms have the ability to increase domestic production to help ease the crunch of the energy crisis, but someone must take the initiative to deal with the real issues which have caused the energy problem, and real leadership is needed at this time. The public is aware of the ways they can act to conserve energy, and we and all those in responsible positions in government must act on every opportunity to assure that our laws and policies are in line with the public effort. It is time for real action and not just rhetoric, and I feel that this is a good place to start.

Mr. President, I think I have made my point. It has been estimated that the Arab countries have on hand a 2½-year supply of equipment and pipe which is to be used in the production of petroleum. So perhaps there would be little impact for several years, so far as Arab production is concerned. But I do think it is time that we served notice on those who would treat us in that way, and our interest should be, first of all, toward increasing our domestic production. We cannot increase our domestic oil or gas production when we have a shortage of various materials that are really needed but which we are now exporting to those countries.

Mr. President, I reserve the remainder of my time.

Mr. LONG. Mr. President, there may be a lot of merit to this proposal, but it certainly does not belong on this bill. We have a social security bill before us. It would seem to me that the Senator's amendment ought to be on either a trade bill or a bill that has relevance to some other subject, because this bill is not an energy crisis bill. It is not a bill to limit the import or export of products. I really think it belongs on some other measure.

This amendment perhaps has some merit, but if it should be agreed to by the Senate, it will run into objection in the House on the ground that it is not germane to the social security bill and should not be considered.

I would hope that the Senator would withhold his amendment and offer it to some bill that is germane. I do not think it deserves to be considered as a part of this bill. For that reason, I do not expect to vote for it, but on a relevant bill I might be willing to accept it.

Mr. DOLE. Mr. President, I am not certain, because I have not checked the individual amendments to the bill, but I would guess that one or two, at least, have not been germane; and some amendments have been accepted contrary to the treatment received by the Senator from Kansas on the previous amendment.

Mr. LONG. I understand that; but at the rate we are going, I assume that next we will have the debt limit and the Presidential election bill offered to us. I would hope that we could keep this bill confined as much as we can to what we have here.



I admit that amendments have been added on unemployment insurance and other things, but I wish we would not have this subject pressed upon it. It is that simple.

Mr. DOLE. I do not quarrel with the distinguished Senator from Louisiana, but I have seen the precedent of adding almost everything to different bills, particularly the debt ceiling bill, and no one seems to turn handstands because of that.

My point is that this might serve notice on the Commerce Department and the Treasury Department. The Senator from Louisiana is from one of the great oil-producing States, and he can understand how the people of this country react when they see us loading ships to send oil equipment to Saudi Arabia, and that country could care less whether or not we freeze this winter.

I am not naive. I am not suggesting that this amendment would make it all the way through on this particular bill. But I believe it would serve notice on those in the Treasury Department and in the Commerce Department to whom we have talked and who have said, "We can't do it. Don't do it this way. Go back to the Defense Act of 1950." I believe it would at least be symbolic on the part of the Senate and would be a signal to the American people that we understand how serious the energy problem is; and perhaps some bureaucrat somewhere would take notice that this body considers it to be serious and that we want it stopped and that if any tubing or drill pipe or whatever might be needed for domestic production, we ought to use it for that.

Never during my tenure in the Senate have I tried to load up any bill, but I think this may be an exception to that rule. I do not want to delay the bill. I want either a vote or some other disposition.

Mr. LONG. I certainly wish the Senator would withhold his amendment and offer it on the tax bill.

Mr. DOLE. The materials will all be shipped out by then.

Mr. LONG. Mr. President, it is purely a matter for the Senate to act. As I say, I think it should be offered on the trade bill or the tariff bill. I am willing to abide by the judgment of the Senate, and I say we should vote.

Mr. DOLE. Mr. President, in order that what happened last time does not happen now, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas. 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 Florida (Mr. CHILES), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTROYA), the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan

(Mr. HART), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. HARTKE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senators from Oklahoma (Mr. BARTLETT and Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from New York (Mr. JAVITS), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The Senator from Idaho (Mr. McCLOURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOLDWATER) is absent by leave of the Senate on official business.

The result was announced—yeas 54, nays 25, as follows:

[No. 538 Leg.]

YEAS—54

Allen	Fannin	Pell
Bayh	Fong	Proxmire
Beall	Gurney	Randolph
Bentsen	Hansen	Ribicoff
Bible	Helms	Roth
Biden	Hollings	Schweiker
Buckley	Hruska	Scott,
Byrd, Robert C.	Humphrey	William L.
Cannon	Inouye	Stevens
Case	Jackson	Stevenson
Church	Johnston	Taft
Cook	Magnuson	Thurmond
Cranston	McClellan	Tower
Curtis	McIntyre	Tunney
Dole	Mondale	Weicker
Domenici	Muskie	Williams
Dominick	Nunn	Young
Eagleton	Pastore	
Ervin	Pearson	

NAYS—25

Abourezk	Gravel	Moss
Aiken	Griffin	Nelson
Brook	Hatfield	Percy
Brooke	Hathaway	Saxbe
Burdick	Huddleston	Scott, Hugh
Byrd,	Kennedy	Sparkman
Harry F., Jr.	Long	Stafford
Clark	Mansfield	Talmadge
Eastland	Metcalf	

NOT VOTING—21

Baker	Goldwater	McClure
Bartlett	Hart	McGee
Bellmon	Hartke	McGovern
Bennett	Haskell	Montoya
Chiles	Hughes	Packwood
Cotton	Javits	Stennis
Fulbright	Mathias	Symington

So Mr. DOLE's amendment was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

\* \* \* \* \*

#### AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. ERVIN. Mr. President, I call up the amendment offered by the distinguished Senator from Alabama (Mr. ALLEN), the distinguished Senator from Nebraska (Mr. CURTIS), and myself, which is unprinted but which is at the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read the amendment, as follows:

Strike out Part B, which is entitled "Part B—Tax Credit" and which covers everything from the beginning of line 10 on page 44 through the end of line 17 on page 54.

Mr. ERVIN. Mr. President, this is an amendment to strike out part B of the pending measure. Part B is entitled "Part B—Tax Credit," and covers everything from the beginning of line 10 on page 44 through the end of line 17 on page 54.

For the purpose of making clear what is involved, I ask unanimous consent that the entire part B be printed at this point in the body of the RECORD.

There being no objection, part B was ordered to be printed in the RECORD, as follows:

#### PART B—TAX CREDIT

##### TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

###### SEC. 112. (a) IN GENERAL.

(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section:

##### "SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

###### "(a) IN GENERAL.—

"(1) ALLOWANCE OF CREDIT.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) APPLICABLE PERCENTAGE.—The percentage under paragraph (1) applicable to the social security taxes is—

"(A) 86 percent for calendar years 1974 through 1977,

"(B) 83 percent for calendar years 1978 through 1980,

"(C) 30 percent for calendar years 1981 through 1985,

"(D) 78 percent for calendar years 1986 through 2010, and

"(E) 68 percent for calendar years beginning after December 31, 2010.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed \$4,000 receive by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b)) without regard to the exclusion set forth in paragraph (9) of that section).

"(2) REDUCTION FOR ADDITIONAL INCOME.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds \$4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71 (b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in installments), or 74(b) (relating to certain prizes and awards),

"(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 118 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 811 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

"(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency or the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) APPLICATION WITH SECTION 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who maintains a household (within the meaning

of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

"(2) SOCIAL SECURITY TAXES.—The term 'social security taxes' means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term 'employment' (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section."

(2) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following: "Sec. 42. Tax credit for low income workers with families.

"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following: ", 42 (relating to tax credit for low-income workers with families)"; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

(4) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "or 42" after "SECTION 39" in the caption of such section; and

(B) striking out "oil," and inserting in lieu thereof "oil" or section 42 (relating to tax credit for low income workers with families)."

(b) ADVANCE REFUND OF CREDIT.—

(1) Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (relating to rules of special application) is amended by adding at the end thereof the following new section:

"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.

"(a) IN GENERAL.—A taxpayer may receive an advance refund of the credit allowable to him under section 42 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) LIMITATIONS.—

"(1) AMOUNT OF REFUND.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of credit allowable under section 42 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social

security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

"(2) INELIGIBLE FOR CREDIT.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.

"(3) MINIMUM PAYMENT.—No payment may be made under this section in an amount less than \$30.

"(c) COLLECTION OF EXCESS PAYMENTS.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6428. Advance refund of section 42 credit."

(c) Section 6011(d) (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 42 CREDIT.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require."

(d) DEVELOPMENT OF APPLICATION FORMS; COOPERATION OF OTHER GOVERNMENT AGENCIES.—

(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), arrange for distributing such forms and making them easily available to taxpayers, and prescribe such regulations as may be necessary to carry out the provisions of sections 42 and 6428 of such Code. Each such application form shall contain a warning that the making of a false or fraudulent statement thereon is a Federal crime.

(2) The Secretary of the Treasury is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any taxpayer applying for or receiving benefits under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), or his spouse, as may be necessary for the proper administration of section 42 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 42 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(e) AMENDMENT OF SOCIAL SECURITY ACT.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect

to taxable years beginning after December 31, 1973, but no advance refund payment under section 6428 of the Internal Revenue Code of 1954 shall be made before July 1, 1974.

Mr. ERVIN. Mr. President, before I address myself specifically to the amendment, I ask unanimous consent that table 2, entitled "Social Security Tax Rates," which appears on page 14 of the committee report, be printed at this point in the body of the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

SOCIAL SECURITY TAX RATES

(In percent)

Calendar years	OASDI		HI		Total	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
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
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

Mr. ERVIN. Mr. President, the amendment which I am going to discuss is, in my opinion, a most important amendment, because it is designed to prevent a serious impairment of the entire structure of the social security system.

Before I address myself to the amendment, however, I would like to call the attention of the Senate to the fact that under this bill social security taxes imposed jointly upon the employee and the employer will rise on January 1, 1974 to a total of 11.7 percent; that social security taxes imposed upon the employer and employee jointly will rise to 12.1 percent on January 1, 1978; that social security taxes imposed upon the employer and the employee jointly will rise on the first day of January 1981, to 12.6 percent; that social security taxes imposed upon the employer and employee jointly will rise, on the first day of January 1986, to a total of 12.9 percent; and that social security taxes imposed jointly upon the employer and employee will rise, on January 1 of the year 2011, to 14.9 percent.

Mr. President, I have misgivings about the habit of the Congress constantly raising social security taxes. As I recall, if this bill is enacted in its present form, it will constitute the fourth or fifth increase in social security taxes in the last 4 years. I just do not believe business and the country can continue to pay taxes which will run from almost 12 percent of the covered payroll to almost 15 percent of the covered payroll and still be able to prosper. I do not think the products of the business or the services of the business on which such drastic payroll taxes can possibly compete in the world market with the products or services of other Nations.

It can be said, of course, that the highest rate that this bill provides will not take effect until the year 2011, and so we might apply a flattering function to our political souls by taking the toast which the Kings and courtiers of France took just before the monarchy was toppled, "After me, let the deluge come."

This amendment does not refer specifically to those tax rates, but I do have misgivings about these rates. I think the American people in general and the working people of America in particular are becoming tired of being taxed for such a large proportion of their earnings from the time they start working in their early twenties until they are 65 years of age. I think we are eventually going to have a rebellion against the constant increase in social security taxes. And under the bill self-employed persons will pay social security taxes through the nose.

In addressing myself specifically to this amendment, I read the explanation of part B which appears in the paragraph entitled "Tax Credit for Low-Income Workers with Families" on page 4 of the report of the committee:

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

Under this provision, the Government will collect social security taxes, as it does now, from every person who works, and take such taxes into the Treasury of the United States.

If the Congress wants to give \$400 out of the Federal Treasury to everybody who is an eligible worker—that is, every person who has one child, as this bill provides—the Congress ought to do it out of the general funds as welfare benefits, and not as social security benefits.

This provision would not only rob the social security fund, which is a trust fund, of \$400 for every eligible person earning as much as \$4,000, and further sums up to \$5,000, but it gives to each of such persons more than he pays in social security taxes. It gives him not only what he pays as social security taxes, but also a substantial part of what the employer pays in social security taxes.

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

Mr. ERVIN. I yield.

Mr. LONG. Is the Senator aware of the fact that the payment to this poor person does not come out of the social security fund? I think the Senator would want to state the case correctly. This payment would come out of general revenues.

Mr. ERVIN. It really does not make any difference whether the provision robs

the general fund or the trust fund. It robs the taxpayers for welfare purposes and not for social security purposes.

Mr. LONG. I am not trying to quarrel with what the Senator contends, but what I am saying is that if he wants to call it robbery to help the poor, it nonetheless does not come out of the social security fund.

Mr. ERVIN. No, I do not say it is robbery to help the poor, but I think it is robbery to take social security money and use it for welfare purposes.

Mr. President, I think that welfare funds ought to come out of the general fund and not out of social security taxes.

Mr. LONG. Mr. President, the Senator can call it anything he wants to. However, I wanted to have the record straight that the payment to these poor people would come from the general revenue and not from social security.

Mr. ERVIN. Well, I have difficulty finding that in the bill. But whether it does or does not, it comes to the same end. The provision excuses some people from paying social security taxes and gives them a refund greater than what they pay as a credit against social security taxes. And when the provision gives them a refund as a credit against social security taxes, it exempts them from paying income taxes. Let us not disguise welfare as social security.

Part B perverts the social security system. And not only that, Mr. President, but it provides an entering wedge for a guaranteed annual income. I am not impressed by the argument distinguishing between people who work and people who do not work. If Congress wants to give some people special privileges or special aid because they are poor, it should do it in the name of welfare and not in the name of social security. It has no place in social security.

This provision gives a 10-percent tax credit to persons earning \$4,000 a year. However, a lot of other people have a lot of political power and a lot of votes. In subsequent years, Congress will apply this provision to persons earning \$5,000, \$6,000, \$7,000, and upward. Thus Congress will ultimately destroy the social security system by constantly increasing the number of voters who are excused from paying social security taxes through the device of giving them a credit against such taxes.

No amount of sophistry can erase the plain truth that part B gives to everyone receiving a credit against his social security taxes equal to the amount of the credit.

If Congress wishes to help people because of their poverty, it should help them by appropriate welfare benefits out of the general fund and not excuse them from paying social security taxes.

Part B poses a threat to the social security system. This is so because part B uses the social security system as an excuse for paying a guaranteed annual income out of the Treasury and an attempt to convert the social security system into a welfare system rather than an insurance system.

When one opposes anything in a social security bill, he does something that may

not be politically popular. When I am tempted to cast a vote that I know to be politically unpopular, I quote to myself these words of Edgar Guest.

I have to live with myself, and so, I want to be fit for myself to know.

I want to be able as days go by, always to look myself straight in the eye.

I don't want to stand with the setting sun, And hate myself for the things I've done.

If I voted for a provision that would convert the Social Security System into a welfare system by exempting some people from paying social security taxes, I would stand with the setting Sun and hate myself for the things I have done.

Congress should amend the welfare laws to help those who need help. It ought not to prostitute the Social Security System to accomplish such an objective.

Mr. President, I yield the floor.

Mr. LONG. Mr. President, the thing that we are discussing here is the same thing that the Senate voted for by a margin of about 9 to 1 when we were considering H.R. 1.

This relates to what is probably the most unjust thing about the American structure of government, and that is that when one actually studies the matter of who is paying the taxes, he comes to the shocking and disappointing conclusion that a fair study by any economist would show that actually the poor people have actually paid their taxes to some of the richest people in the world.

There is a chart on the desk of each Senator that I have asked to have placed there. It appears in the back of the Chamber as well.

The information on this chart was taken from a study compiled by the U.S. Census Bureau. It demonstrates how much the poor actually pay in taxes in this country.

Here is what it shows. It shows who pays for the tax after the corporation passes along as much of it as they can to the consumer and absorbs that part which they cannot pass along, and after the employer pays the social security tax and passes it on to the customer, and after the landlord pays his tax and passes it on to those who pay the rents.

I do not think that any good economist will really dispute this, that people who are making under \$2,000 would pay a tax that would be equal to 44 percent of their earned income in taxes.

That is a shocking figure. However, it can be explained. The reason is that a lot of these people are receiving their income from transfer payments, or a great deal of them—social security payments, veterans' benefits, disability benefits, and things of that sort. So that many of these people have received the transfer payments, and the transfer payments more than offset the taxes they pay.

The next category is people who have \$2,000 to \$4,000 in income. These are people, by and large, who are not receiving a welfare check, who are not receiving social security, who are not receiving veterans' benefits, or any government gratuity of any sort whatever to help them. These people are paying about 27 percent of their income.

In this category of those who receive from \$2,000 to \$4,000, we can see that there is not as much transfer money received by people in that class. They are estimated to be paying 27 percent of their income in taxes.

One would say, how can that be? They are not paying income taxes, directly but they are absorbing the income taxes paid by the corporations.

I was dismayed to find that over 50 percent of the taxes paid by corporations are passed on to consumers. Some economists have claimed that the corporations can pass on more than that. And some tax experts contend that in certain cases corporations have passed on more than 70 percent of the corporate taxes they have paid.

When one analyzes the taxes that are paid and the taxes that are passed on—consumer taxes, real estate taxes, and various other taxes that are passed on to these people, as well as a relatively small amount of excise taxes and social security taxes that they pay directly—he will find that they pay the same percentage of their income in taxes as do those who are in the \$4,000 to \$6,000 group, the \$6,000 to \$8,000 group, the \$8,000 to \$10,000 group, and the \$10,000 to \$15,000 group, and that they even compare rather closely with those who are in the bracket of \$15,000 and over.

At that point, it would appear that the relatively well to do pay about one-third of their income in taxes. We know, however, that there are notable exceptions. That was the basis for our trying to see to it that all rich people do a least pay some taxes.

It was concluded by the Committee on Finance, by a vote of 11 to 1, and by a substantial floor vote when we studied the matter in connection with H.R. 1 last year, that it just is not fair that these poor people should be taxed so heavily, especially when you recognize the fact that in many instances we are actually taxing those people into poverty. Furthermore, for those who are not on welfare—and this provision does not benefit anyone who is on welfare—it is very discouraging to see how little better off they would be if they worked rather than remained on the welfare rolls, not working at all.

Therefore, it was felt that we should at least give these working people tax relief in an amount that would be about as much as they are paying in social security taxes, because, while they are theoretically only paying half of it, as a practical matter, they are absorbing all of it. Every blessed bit of it, every time they buy a can of beans or a pair of shoes or some diapers for the children.

The committee knows that these people are in poverty, that they are not receiving any help from their Government, and that they are being overworked, underpaid, and overtaxed. Admittedly their tax is not being applied directly to them, but in the judgment of those of us who favored this provision it gets down to one relying upon a technicality to say that these people are not paying 27 percent taxes.

It is like that story my father used to tell about the traveling salesman who

came back with a furcoat on his expense account. The boss would not permit him to deduct the furcoat, or to claim it as an expense, and he said, "Go out and bring that thing back in without the furcoat on it."

The man brought the thing back in, and he got the expense account approved.

A friend asked, "Did you put the furcoat in it?" He said, "I put the furcoat in it, but the boss just could not find it this time."

Those working people are paying for it. Do not take my word for it. The President's Council of Economic Advisors says they are paying for it. President Lyndon Johnson presented us a report that said they were paying for it. The Senate Finance Committee agrees they are paying for it. The Senate last year, by a vote of 90 to 10, agreed they are paying it.

That is the basis on which we are seeking to help these people, who are being taxed into poverty.

This is not a guaranteed income scheme. What it says is that the more poor people work to benefit themselves the more benefits they get by getting back some of the taxes that are being extracted from them, indirectly though much of it may be.

It is related to the social security tax because that is the only good information the Government has available to look to, to see how much these poor people actually earned, in view of the fact that they did not earn enough to pay an income tax.

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

Mr. LONG. I yield.

Mr. MONDALE. The distinguished floor manager probably recalls that when I first heard of this plan I was not too enthusiastic about it. But the more I look at it, the more sense I think it makes.

First of all, the rhetoric we hear from most politicians is to the effect that "where it is possible, prefer work to welfare."

Then how do we face the fundamental problem of how we make it preferable to work than to go on welfare? To do that, it seems to me we have to make it possible for a person who is near the welfare point to do better than he is doing now.

In the State of Washington they figured you have to make about \$3.50 an hour out there, with a family of four, to do as well as you would on welfare. That is a problem that is running through all of us, and there are several million people who work all year, usually unskilled but working hard and trying to care for their families, and we tax them 27 percent. Many of those taxes are completely regressive.

There is no deduction, for example, on the payroll tax, for the size of the family. There is no deduction on the payroll tax for medical costs. There is no deduction for anything; it is just a straight, flat tax, with no deductions, and they pay half again as much, I agree with the chairman, in the form of indirect taxes, because what the employer contributes obviously is either added to the cost of

the product or taken from wages, and as consumers or wage-earners they pay that tax indirectly, which is why we get the 10-percent figure.

These families, according to the Bureau of Labor Statistics' own figures, after working all year, probably do not have enough money to provide the minimum necessities, according to our own Department of Labor, that they need. So in terms of simple equity, in terms of incentives for employment, and in terms of trying to show we appreciate a person who works all year and stays off welfare, for all these reasons this modestly expensive program—and it is less expensive than a lot of other things which we did today—

Mr. LONG. We estimated it would cost about \$600 million. That would only go to poor people who are working who have families.

Mr. MONDALE. Yes, and it would bring a lot of relief to decent, hard-working American families who today, if they looked at the figures realistically, could say, "Better stop working; our Government has decided to tax me back on welfare."

Mr. LONG. Mr. President, the average family that would be benefited by this amendment would, under the existing system, be better off to move from the low-income States to those States that have relatively high welfare payments, such as New York or New Jersey, and go on welfare. They would have more income than if they stayed and worked.

Just look at how the present system works in Louisiana. Take a typical case, a poor mother with three children, out trying to support the family and making about \$200 a month. If she were not working at all, she could get about \$120 a month and she could get some food stamps. So really by working all year long, trying to find someone to look after her children while she is away, and enduring all the other complications of work, by the time the year is over she is only about \$800 better off for that whole year of hard work.

Now, in these poor little earnings, she is getting, she is made to pay about 27 percent in taxes. That is a lot more than a millionaire absorbs, if he has the advice of a tax lawyer to do a little tax planning before he goes to work and makes all that money.

We can be technical about it and say, "Oh, she does not pay that tax, the employer pays the tax, or the corporation pays the tax, or the landlord pays the tax, or someone else pays it."

But we know the President has a Board of Economic Advisers that has reported to him that it is that poor worker who is the one who pays that tax. We know it, the Finance Committee knows it, the Census Bureau knows it. Here is a book, entitled, "Rich Man, Poor Man," by Mr. Herman Miller, which has been a rather classic study on this subject, and it has been discussed many times in articles by Mr. Pechman and others. They all know it. This is generally known by anybody who has any credentials at all in the problems of the poor and the economics of poverty.

Why should we not do something to encourage these poor things to work and better their condition, rather than tax them into poverty? So we have proposed this very modest thing. Incidentally, no family would get a great amount of help. The maximum would be \$400 a year \$33 a month for a family making about \$330 a month. That is the maximum we are asking for, which I regret upsets some people's principles, but as a practical matter, it is a matter of giving back to the poor the taxes they have actually paid.

We have voted on this matter in other contexts. The Senator from South Carolina (Mr. HOLLINGS) came before the committee some time back and made an impressive presentation that some of us had not thought about before, the fact that the poor were being taxed a great deal more than conscience could justify and he offered a bill to give some tax relief for the poor. The Senate eventually agreed to an amendment directed towards that purpose.

Mr. MONDALE. Some of us, Senator MUSKIE and I among them, have introduced legislation designed in part to deal with the regressive nature of payroll taxes, particularly those in the low income level, which is part of what this is designed to do; that is, to return to about what the direct or the indirect cost of the payroll tax is for people working at the lowest income levels.

There have been many different proposals trying to get to this same point.

This amendment is a good one. I am glad it is in the bill. It passed by 11 to 1 in the committee, which is a pretty good cross section of the Senate.

Mr. LONG. There is another aspect of this matter. One can say that social security is a very good proposal for the poor, but if we compare a poor person working for a lifetime at low wages, such as those for whom I plead at this moment, to those who do not work at all, the poor who work for a lifetime are only a little better off than those who do not work at all.

At the present time, the poor person who works for a lifetime is about \$4.50 better off, because we do allow him to keep a small amount of benefits when we reduce his welfare check by his social security check. And under the new SSI program, we will permit him to keep a plum or two out of the social security check, to give him some recognition for a lifetime of hard work. We will permit him to keep \$20, we might say, out of his social security check to recognize that he has worked all his life and had to absorb the social security taxes, and the social security tax increases. But even though he works hard his whole life he winds up only \$20 better off than if he had never worked.

This point was driven home to me very forcibly in my own home. Someone mentioned to our maid who was working for us that she should be grateful for the fact that we were paying her social security taxes for her, both the employer and the employee parts.

Well, our maid must have been informed by someone who knew the facts,

because she said to us—God bless her sweet heart: "With all due deference, Mr. and Mrs. Long, just look at what my minimum social security benefit will be when it comes time for me to retire because that is what I am going to get, which, unless I am mistaken, will be the same thing as anyone on welfare gets for his whole lifetime."

Unfortunately, she was right, and I have never again tried to suggest to a maid working in my household that we were paying her social security taxes.

Mr. ERVIN. Mr. President, will the Senator from Louisiana show me where the bill states that these payments are to be made out of the general fund and not out of social security taxes?

Mr. LONG. Senator, I will be glad to find that. In due course, I will obtain it.

It is on page 44, and notice that this shows under the Internal Revenue Code. It is a tax credit paid back under general authority to pay taxes.

Mr. ERVIN. Well, here is what it says—

Mr. LONG. Just like the investment tax credit.

Mr. ERVIN. I disagree. It says on page 44, that—

There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter. . . .

The specified percentage of his wages subject to social security taxes.

This chapter is the chapter which imposes social security taxes. So it is clear that he gets a credit against his social security taxes.

Mr. LONG. Those words, "this chapter" refer to the chapter under the Internal Revenue Code which deals with income tax credits. I might say that—

Mr. ERVIN. It is a credit against his social security taxes and a credit against nothing else.

Mr. LONG. Senator, it is a credit—generally credited against income taxes, and it is paid from the general revenue which is financed by income taxes that we pay in

It may shock the Senator to see us proposing something to help the poor here. It does not relate to a tax credit repaid on the basis of taxes assessed from the taxpayer but it does relate to taxes that the taxpayer has absorbed in the last analysis. That should not be any more shocking than the logic by which we pay a tax credit to a manufacturer, or a tax advantage to build a new plant, a tax allowance for an expansion that does not exist.

One can argue about the technicalities and all that, and those who want to concern themselves very much about that type of thing, I am sure can find all the reason they want to find to justify voting against it. But I personally am thoroughly convinced that if one thinks in terms of social justice, economic justice, of just plain humanity in general, on the relative merits of deserving people, and then looks at what we do in this bill to help various and sundry groups who have various and sundry needs, there is ample justification to also give some consideration to the working poor—and there are

about 20 million poor people in this country today—it would be very well justified. I believe the Senate would regret having stricken that from the bill.

I note that the Senator from North Carolina (Mr. ERVIN) voted for this same proposal on September 30, 1972, and I am sure he will tell us he did not know what it was—

Mr. ERVIN. I disagree. I voted for a work bonus which was set out in different language.

I am not shocked by aiding the poor, which I favor, but I am shocked by the effort to convert the social security system into a welfare system.

Mr. LONG. Let me make this clear, Mr. President. This proposal does not take one nickel from the social security trust funds. The entire payment comes from general revenues. There is revenue in the bill to pay the cost of it. We thought about that, that someone might be concerned about the cost, and so we provided the general revenue to pay for it, those of us who believe that this should be done. In no way does it go to the social security fund, but simply out of general revenues. We propose in this bill to shape the tax structure so that the working poor do not lose as much in taxes as those who are far better off in relative terms, and we provide the revenue in a much more equitable fashion to make this tax adjustment. I hope the Senate will concur in what the committee has done.

Mr. President, I have been particularly pleased that what we seek to do here has been endorsed and supported by two great former Secretaries of Health, Education, and Welfare. One of them happens to be on the floor of the Senate at this moment: the distinguished Senator from Connecticut (Mr. RIBICOFF). The other is a man who served with him during his tenure in that Department and who subsequently became the Secretary of HEW, Mr. Wilbur Cohen, who advised with regard to this matter and was enthusiastically in favor of it.

Mr. RIBICOFF. Mr. President, will the Senator yield for a comment and a question?

Mr. LONG. I yield.

Mr. RIBICOFF. First, I should like to pay great tribute to the chairman for his imagination and constructive thinking.

We have been arguing about welfare for many, many years. And every time we try to come up with a welfare reform program, it is shot down. There is no question that there are many abuses in the entire welfare system. Some day, we in the Senate and a President are going to try to straighten out the welfare mess—and it is a mess.

The Senator from Louisiana has been motivated by the objective of keeping the working poor working. How do we make sure that it is better to work for wages than to go on welfare? There is no question that what the Senator from Louisiana is trying to do is to make the person who is self-respecting, who wants to

work, realize that he can be self-respecting and still not be worse off than his neighbor next door, who is drawing a welfare check which under present law may exceed the wages he is getting for a full week's work.

It is not a question of changing the social security system; because, when all is said and done, our welfare program is a part of the social security system. It is in the same titles that we are working on.

We are really, to a great extent, making it possible for the individuals we are talking about to work. They are self-respecting, are not getting a supplemental welfare check, and we are making sure that they stay on their jobs.

We are going to say: "We respect you for trying to work, and we are going to make sure that we will not charge you with an extra tax that will put you on welfare and discourage you from working."

We should commend the Senator from Louisiana for an innovative idea and a step in the right direction—and many of them have been initiated by the Senator's alternative ways to get out of the welfare mess. This is one of the constructive proposals of the Senator from Louisiana. There are other proposals in this bill; perhaps some Senators know about them and some do not.

Another suggestion of the Senator from Louisiana is to allow pilot programs—3—in each State of the 50, which would give each State administration an opportunity to work out alternative methods of payment, or jobs, or programs, to see if somewhere in the 50 States an answer can be found that the bureaucrats in Washington have never come up with.

It would be a tragedy if the Senate struck out the opportunity it has for an innovative program for the working poor, where we are not actually paying them anything out of the Treasury, out of welfare funds. They do not have to go to a welfare office to get a check. They just get a credit against their social security taxes. The chart that has been placed here by the Senator from Louisiana indicates what takes place.

I hope that other Senators will encourage the Senator from Louisiana in his leadership and not strike down an attempt to do something constructive for the working poor of the Nation.

Mr. LONG. Mr. President, I thank the Senator from Connecticut.

Some time ago, President Nixon sent to us a proposal known as the family assistance plan, which was at least intended to help the working poor. We found objections to it. We thought it did not have the kind of work incentives that it should have. So that proposal failed to become law. Yet even those who could not agree with it, such as Governor Reagan, and others, suggested that something along this line would be fair as one thing that could be done to provide economic

justice for the poor who are working for what little they get.

It was for this reason that the Committee on Finance was persuaded that this provision should be in this bill.

At the time we were considering the family assistance plan I went to see President Nixon and told him that I would be glad to vote for as much money as he wanted to spend to help the working poor. He was talking about, roughly, \$5 billion. But I said it would have to be spent in such a fashion that it rewarded people who worked—rewarded them for working—rather than to pay them for doing nothing.

The provision in this bill is the type of thing that some of us, who feel we should encourage people to work and should help them to reach economic independence and to find their way out of poverty, consider to be very well justified.

I should think that the 20 million people who would be benefited by this would heartily approve of it. I should think that anyone who is familiar with the plight of those people and the relative merits of the proposal would heartily applaud our adopting this.

I can remember investigating the situation of a poor man who had 10 children, was working at a minimum wage, and should have been eligible for some kind of help. We looked into it, and the welfare people, and others, advised us correctly that he was not eligible for anything at all. But this is 1 program that a poor man with 10 children would have had available to him. I think we should encourage people to carry their own load. And I also think this is the least that we could be expected to do in considering their plight.

Mr. RIBICOFF. Mr. President, will the Senator further yield?

Mr. LONG. I yield.

Mr. RIBICOFF. I think the justice and the equity being spoken for by the Senator from Louisiana can be found in a table that has been placed on each Senator's desk. In that table, it is shown what a fantastic distribution of taxes is paid by those in the lower income group. When we consider that the percentage of taxes on an income of a person in the \$2,000 class is 44 percent, and the class that is sought to be helped by the Senator's amendment, \$2,000 to \$4,000, is 27 percent, and from \$10,000 to \$20,000 it is 27 percent, it is a question of such a small modicum of justice that the Senator is trying to work out here.

I would hope that the amendment of the distinguished Senator from North Carolina will be rejected and that the Senate would uphold the position of the chairman of the committee.

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the Record, a table entitled "Taxes and Transfers as a Percentage of Income: 1965."

There being no objection, the table was ordered to be printed in the Record, as follows:

TAXES AND TRANSFERS AS A PERCENTAGE OF INCOME,  
1965

(in percent)

Income class	Taxes			Trans-fer pay-ments	Taxes less trans-fers
	Fed-eral	State and local	Total		
Under \$2,000.....	19	25	44	126	1-83
\$2,000 to \$4,000.....	16	11	27	11	16
\$4,000 to \$6,000.....	17	10	27	5	21
\$6,000 to \$8,000.....	17	9	26	3	23
\$8,000 to \$10,000.....	18	9	27	2	25
\$10,000 to \$15,000.....	19	9	27	2	25
\$15,000 and over.....	32	7	38	1	37
Total.....	22	9	31	14	24

<sup>1</sup> The minus sign indicates that families and individuals in this class received more from Federal, State, and local governments than they, as a group, paid to these governments in taxes. Source: Joseph A. Pechman, "The Rich, the Poor, and the Taxes They Pay," the Public Interest, November 1969. The data are from the Economic Report of the President, 1969, p. 161. Herman Miller, "Rich Man, Poor Man," p. 17.

Mr. LONG. Quite apart from the merits, and I do think there is merit, I think Senators might want to look for one second at the politics. These are figures which show a very heavy burden on the poor, a burden which is unconscionable when applied to the working poor. I would not want my opponent to be able to present these figures and to say that I had an opportunity to do something about this situation, and I voted to leave the situation as I found it.

Mr. ALLEN. Mr. President, I think the Senator from Nebraska wanted to speak at this time. In his absence I will say a few words.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I rise in support of the amendment offered by the distinguished Senator from North Carolina, the distinguished Senator from Nebraska, and myself.

Mr. CURTIS. Mr. President—

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

Mr. ALLEN. Mr. President, I am delighted to yield to the Senator from Nebraska. I merely took the floor in his absence.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I rise in support of the amendment to remove this provision from the bill.

It is not an easy task for me to perform. I never like to oppose my distinguished chairman, the Senator from Louisiana. He is always too fair and courteous in the deliberations of the committee. Also I feel the plan he has worked out here to encourage people to work has a great deal of merit. I think it should be used in an altogether different way than is proposed here.

Many of us supported this principle as a backfire, so to speak, against the family assistance plan submitted by the administration in the last couple of years. That plan was one that rewarded people for not working. If someone worked, he got less from the Government under the guaranteed income plan than if he worked. It was to a person's advantage not to work; and out of that situation was born in the Committee on Finance the concept of a reward for working.

Within a certain purview I would support that idea. The idea of a work bonus—which is no longer called that, but it is a reward for working—I would apply to the people on welfare for a limited time, for a limited number of months, so that it would be a reward, an inducement to take the risk of leaving the welfare rolls and becoming a self-sustaining citizen. We have in our great cities many people who have never held a job at all and any encouragement we give them to work would be a good thing.

But that is not what we have before us today. We have a proposal to send to every head of a family, a worker, who makes \$4,000 a year, a check for \$400. If the worker makes \$3,000 a year we send him a check for \$300. If he makes \$2,000 we send him a check for \$200. If he makes more than \$4,000, he still gets a check at a lesser amount, but it phases out at \$5,600.

What does that mean? It means the beginning of a new program that does not exist at this time. Right off the bat 5 million families will get a check from the Federal Government who do not get a check at the present time.

Here we talk about deficits and paying as they go and balancing the budget. We even have some plous votes in reference to it. In this bill is a program to make 5 million families will get a check from the Federal Government for a check they are not getting at the present time. Mr. President, this is not welfare reform.

As I say, they could take this idea of an incentive for workers, apply it only to people on welfare who are able-bodied, for a limited time, for them to get over the hump, and take the risk and go out and get a job. In that purview I would support it. I supported the idea in principle as a backfire against the family assistance plan which was taken up, a guaranteed income that provided that the less one worked the more he received.

What does this mean? It means a new plan to send a check to 5 million people right off the bat. It is estimated it will cost some \$700 million to \$1 billion a year. That is just the beginning. Let us look at the rollcalls in this Chamber yesterday and today. Somebody is going to say 10 percent of \$4,000 is not enough. It will be raised on this floor to 12 percent, 15 percent, and then 20 percent. It will then be decided that the working poor defined at \$4,000 a year is not enough, and that amount will be raised. It is not only a new program but it has built in the pressures to expand it both as to amount and as to the number of people it will reach. It is not welfare reform.

Mr. President, all sorts of charts can be brought in here about who pays the taxes. Well, we know that Congress is taking many steps lately to relieve the poor of their taxes. We have exempted enough people from the Federal income tax to elect a President of the United States. That is the situation right now.

Of course, the poor are paying a lot of indirect taxes. So is everyone else. We have taxed and taxed and taxed ourselves to death.

Mr. ERVIN. Mr. President, will the

Senator yield for a question on that point?

Mr. CURTIS. I yield.

Mr. ERVIN. Is it not imperative to every businessman to pass onto the consumer business taxes?

Mr. CURTIS. Yes; he had to, or go out of business.

Mr. ERVIN. If he does not do that he goes bankrupt, does he not?

Mr. CURTIS. The Senator is correct.

Mr. President, here is another point that I doubt has been thought through by those who represent rural States. This will be a new program to send a check to everyone who does not make more than \$5,600 a year. It talks about the working poor, except that the plan exempts the self-employed. That means that the great agricultural communities of the country are outside this program.

Mr. President, if you live in a great city and for some reason your earnings are only \$4,000, you will be sent a check for \$400. But if you live in North Dakota and run a farm, then you may work the clock around and only make \$4,000 and they will tax you to help send that check to somebody in the city. I cannot understand how anyone could vote to start a new program like this, a new program of sending checks out of Washington.

Why, Mr. President, we are mailing so many checks out of Washington now that is what is bogging the mail service down.

The information was presented here from the Social Security Administration that there are 30 million beneficiaries, and they cannot effectuate an increase in the payment in less than 4 or 5 months, even with modern machines.

We talk about how many people are working for the Government. I think most of them are busy sending out checks, or cashing them, themselves.

Here we have a proposal to start a new program, a new Federal subsidy, for 5 million people who are now self-supporting. We will send them a check. Mr. President, it is morally wrong. How many people, Mr. President, do you know in your own experience who had been self-supporting until somebody started to give them something for nothing? And so then they want something more for nothing.

There are many ways we can help the working poor. We can set our financial house in order. We can do something about halting this terrible inflation. We could adopt some labor-management policies that would increase production, so people could buy more with their money. But all these proposals are to the contrary.

When we feed the fires of inflation, we not only make it more expensive to run a household; we make it more expensive to run a hospital, and then people have to pay more. We have made it so expensive to operate a school that is not supported by taxation that those schools are going out of business by the hundreds.

So today we are asked to inaugurate another program to put 5 million people on the road to receiving a Government check who are not now getting one.

Even if we had the money to do that, even if we were all agreed that that was the thing to do, how on earth can you justify that and exclude all agriculture? The work bonus will be paid to everyone but the self-employed. Farmers are self-employed. So here is something to add to the tax burden of agriculture in a program in which they would not share at all—the rural people of America. And any student of poverty in America knows that rural poverty is the worst that we have.

Mr. President, I do not enjoy speaking so harshly of a proposal offered by my distinguished friend the Senator from Louisiana, because I believe that he has rendered a very great service in his leadership in the Finance Committee in the months gone by to save this country from going on a course of a guaranteed income, which was based upon the proposition that the less you work, the more you get. And so out of that came the idea, "Well, let us reward the person that works." I am for rewarding him by doing something about inflation, by lessening his costs, and on making it possible for him to send his children to a school that is not run out of business because of high costs. But this idea of sending a direct check when we do not have the money in the Treasury to do it—we will have to do it with borrowed money—is taking a much different turn than was anticipated when it was first proposed.

Mr. President, it can never be justified that this program of sending out checks would include everybody but rural Americans. If the Senate should adopt it and it should become law, those who represent a rural constituency will find that they have taxed their people to support a social program that they, by the very language of the proposal, are denied participation in.

Mr. President, it is the responsibility of the Government to help support people who cannot support themselves. The first claim on the Treasury of the United States for helping people should go to the handicapped, the blind, the victim of misfortune, the person who by age cannot produce for himself. We have no responsibility to support people who can support themselves.

Mr. President there never was a social program inaugurated that was forced upon people to take something they were getting along without that did not make them more dependent. How will this work? Well, here is how it will work. There will be people who are in on it and then they will talk about it in the community, "Well, so and so is getting it, and so and so is getting it. Let us apply for it." They will give it to anybody who applies, unless he lives in rural America. It is not for them.

Mr. President, the amendment ought to prevail. This provision ought to go out of the bill. It ought to be revised as part of welfare reform, and this reward for working should be used with people on welfare for a limited period of time to get them through that transition period of leaving the security of welfare and taking the risk of trying to support themselves.

Mr. President, I yield the floor.

Mr. ALLEN. Mr. President, I support the amendment which would eliminate part B, the so-called tax credit.

Mr. President, the social security amendments in recent years have not only increased the rate at which earnings are taxed; they have increased the amount of wages subject to tax.

At the present time, I believe a person's earnings up to \$10,800 are subject to tax, with the earnings subject to tax under the present law to go to \$12,600 on January 1. I believe the bill that is now pending would raise it to \$13,200 subject to tax.

Mr. President, the employees of the country, the employers of the country, the self-employed are groaning under these increases in tax rates, and the increase in the amount of their earnings subject to taxes. So what is the answer? What does the committee come up with? Well, as to a certain segment of the people, they will, in effect, exempt them from all social security taxes, thereby, of course putting a greater burden on the employee who might possibly be working side by side with one who is having his social security payments relieved of taxes. He might continue to be paying for the benefit of the person not now paying taxes.

So, in effect, as the Senator from Louisiana has pointed out, this comes out of the Treasury and does not come out of the social security fund. However, we all know that the Government is feeding out of both troughs and the Government is using all of these funds, the trust funds and the general revenue funds under a uniform budget. So it is all taken out of the same pot, under the present situation.

And, by the way, if this comes out of the general revenue, what is it doing in a social security bill anyhow? But here it is.

So, in effect, it would exempt certain people from paying any social security taxes. It would then give them the great bulk of what the employers pay. Why do I say that? On page 45 of the bill, part of the section sought to be removed gives to a person making \$4,000 a year on up \$5,600 a year 86 percent of the total amount paid in social security taxes by the employer and the employee.

If we take 86 percent of what they both pay, which would be 11.7 percent, we end up with 10 percent of the earnings that he is given back as a bonus.

An employer cannot get any of his tax back. He might be having trouble making both ends meet himself. But consideration is not given to him at all. Part of the amount paid by the employer is turned over to the employee.

The chairman of the committee said on the floor a moment ago that he was aware of the fact that some \$3.5 billion has been added to the bill. And this is the only amendment that has been offered since the bill has been pending that would cut down on the amount of money to be spent by the bill.

I have not had a single soul mention to me anything about voting for this type of provision. As far as I know, it is not being pushed by anyone other than the committee and of course some Members of the Senate. But here is an opportunity

to cut down on the amount of the expenditures provided by this bill.

Mr. President, I favor the concept of a graduated social security tax. I hope that someday the committee will come up with some sort of a graduated payment—that is, a lesser payment on the first, say, \$1,000 a year and a little larger percentage on the next thousand and then go up by degrees so that the person making more money will pay more taxes along the line of the income tax.

I do not think that it is fair for a man making \$50,000 a year to pay the same rate of tax on the covered earnings as a man who makes \$4,000, \$5,000, \$6,000, or \$7,000 a year.

This is kind of a graduated social security tax and it goes a little to the extreme. It carries it to the extreme, out of sight. It relieves a person from paying social security so that he gets the benefit of social security and he gets social security in the way of social security benefits at the other end. It hardly seems fair.

Mr. ERVIN. Mr. President, if the Senator will yield, I ask the Senator if the chart mentioned by the distinguished chairman of the Finance Committee does not show that persons earning incomes from \$2,000 to \$15,000 a year pay virtually the same percentage of their income in Federal, State, and local taxes.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. And I ask the Senator from Alabama if on the basis of the argument made by the chairman of the Finance Committee, Congress would be authorized, if this chart is correct, to grant a tax credit to every working person who earns \$15,000 a year or less?

Mr. ALLEN. Under that same theory, I think that we might well do that.

At one time it was explained that this money spent under this section would be offset by eliminating the deduction on gasoline tax payments to the States as a deduction from the Federal income tax.

I notice that an amendment is pending and possibly it will be acted on. I believe that somewhere along the line that provision will get lost. We can rest assured of that. However, I am sure that that provision which would eliminate the gasoline taxes in the form of deductions on Federal income taxes will get lost somewhere. And there will be no offsetting amount. It will all be a case of outgo and nothing coming in.

It hardly seems fair to pay a bonus of \$400 to someone. In effect he is getting all of his social security payments back and the great bulk of the amount that his employer has paid.

I do believe that this is no place where we should eliminate the expenditures of some \$600 million on up to \$1 billion. We can rest assured that if this ever takes root in our law, it will multiply in cost many fold as the years go by.

So, as the distinguished Senator from Nebraska said, this is a brand new program which puts some 5 million new names on the Federal list of the recipients of checks.

I feel that this is one place where we can save possibly \$1 billion a year



and many billions of dollars a year in the years to come.

I do urge the adoption of the amendment.

Mr. President, if the yeas and nays have not been asked for, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. PROKMIRE). Is there a sufficient second (putting the question). There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the Ervin-Allen amendment. On this question 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), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Mississippi (Mr. STENNIS), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Montana (Mr. METCALF) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senators from Oklahoma (Mr. BARTLETT and Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from New York (Mr. JAVITS), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The Senator from Idaho (Mr. MCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOLDWATER) is absent by leave of the Senate on official business.

The result was announced—yeas 21, nays 57, as follows:

[No. 589 Leg.]

YEAS—21

Allen	Fannin	Roth
Brock	Fong	Scott
Buckley	Griffin	William L.
Byrd	Gurney	Sparkman
Harry F., Jr.	Hansen	Thormond
Byrd, Robert C.	Helms	Tower
Curtis	Hruska	Young
Ervin	Proxmire	

NAYS—57

Abourezk	Cranston	Jackson
Aiken	Dole	Kennedy
Bayh	Domenici	Long
Beall	Dominick	Magnuson
Bentsen	Eagleton	Mansfield
Bible	Eastland	McClellan
Biden	Gravel	McIntyre
Brooke	Hart	Mondale
Burdick	Hatfield	Moss
Cannon	Hathaway	Muskie
Case	Hollings	Nelson
Church	Huddleston	Nunn
Clark	Humphrey	Pastore
Cook	Inouye	Pearson

Fell  
Percy  
Randolph  
Ribicoff  
Saxbe

Schweiker  
Scott, Hugh  
Stagrod  
Stevens  
Stevenson

Taft  
Talmadge  
Tunney  
Weicker  
Williams

NOT VOTING—22

Baker  
Bartlett  
Bellmon  
Bennett  
Chiles  
Cotton  
Fulbright  
Goldwater

Hartke  
Haskell  
Hughes  
Javits  
Johnston  
Mathias  
McClure  
McGee

McGovern  
Metcalf  
Montoya  
Packwood  
Stennis  
Symington

So Mr. ERVIN's amendment was rejected.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that on the vote on amendment No. 539, I be permitted to change my vote from "nay" to "yea."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER (Mr. PROKMIRE). The hour of 7 p.m. having arrived—

Several Senators addressed the chair.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended temporarily at this time. I would like to ask of the distinguished floor manager the result of any conversations he and the leadership might have had with the distinguished Senator from Alabama (Mr. ALLEN), the distinguished Senator from New York (Mr. BUCKLEY) who has two amendments, the Senator from Massachusetts who has one, and the Senator from Wisconsin who has one.

Mr. LONG. Mr. President, first, if I may be allowed—

Several Senators addressed the Chair.

Mr. FANNIN. Mr. President, I have one amendment.

Mr. LONG. Mr. President, so far as I can determine with regard to all the amendments that remain, we could enter into a brief time limitation and vote on them in short order. So I should think we might be able to finish this bill in the next hour or so.

The PRESIDING OFFICER. Is there objection to the unanimous consent of the request of the Senator from Montana?

Mr. CANNON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CANNON. Mr. President, reserving the right to object, I should like to know a little more precisely how many amendments we have, whether we have any time agreements, and how long they will take. If we are going to stay here until midnight, I am going to suggest that we go back on the other business.

Mr. LONG. I am pleased to agree, because every other Senator has told me that he would agree to a limitation on his amendment of no more than 10 minutes, say; so we should be able to dispose of them.

Mr. KENNEDY. Mr. President, I would be glad to agree to a 15-minute time limitation.

Mr. HUMPHREY. I have an amendment.

Mr. LONG. How much time?

Mr. HUMPHREY. Ten minutes.

Mr. LONG. Mr. President, I ask unanimous consent that debate on these

amendments be limited to 10 minutes on each side.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, reserving the right to object—

Mr. WEICKER. Mr. President—

Mr. LONG. And I ask unanimous consent that amendments to the amendments have the same limitation.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, reserving the right to object, I think I can work out an agreement that will take less time than that.

Mr. LONG. Well then, might I suggest that we go amendment by amendment and I believe we can work out a limitation of 10 minutes on each side.

Mr. ALLEN. Mr. President, reserving the right to object, how much—

Mr. WEICKER. Mr. President, reserving the right to object—

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

Mr. WEICKER. Mr. President, reserving the right to object, I should like to inquire of the Senator from Louisiana how many amendments are on the floor?

Mr. MANSFIELD. If the Senator will allow me, we have counted eight, including yours.

Mr. WEICKER. I do not have an amendment. I am only making an inquiry.

Mr. MANSFIELD. Seven, then. We could possibly finish by 9 o'clock and have a final vote then.

Mr. CASE. Mr. President, let us include that in the unanimous-consent agreement, that we quit by 9.

Mr. MANSFIELD. I will glad to do that.

Mr. PERCY. Final passage by 9 o'clock.

Mr. WEICKER. Mr. President, reserving the right to object, I was on the floor earlier in the evening when the distinguished Senator from Louisiana (Mr. Long) made the statement that the matters to be considered were rather important and that this was not something to rush through.

We are here for the weekend. I am prepared to be on the floor all day tomorrow and all day Sunday if necessary. But for the sake of convenience I am not prepared to rush through matters of this import.

Are we doing this, in other words, to go ahead and accommodate ourselves this evening, or is this going to give appropriate consideration to matters raised before this body? Could we have, for example—

Mr. MANSFIELD. I am not doing this to accommodate ourselves. We have been on this bill for 4 days now. The most difficult amendments are over with. What we are trying to do is to bring to a head a very important bill while we are all here and have a chance to do it.

Mr. WEICKER. I concur with the distinguished majority leader, but we are going to be here this weekend so that we can just go on and conduct our business—

Mr. MANSFIELD. Well, on that basis, there is no need to argue further.

Mr. WEICKER. Are there any votes scheduled for tomorrow?

Mr. MANSFIELD. There may well be. I do not know what discussions are scheduled.

Mr. WEICKER. Could I ask the distinguished Senator from Louisiana how many of the seven amendments proposed will call for rollcall votes?

Mr. LONG. There is no way I can tell.

Mr. WEICKER. Could the Senator from Louisiana say whether that could take us to 11 or 12 tonight?

Mr. LONG. The majority leader has suggested that we could pass this bill by 9 o'clock. There is good reason to think that we can.

Frankly, I am willing to do whatever the Senate wants to do about the matter to accommodate the Senator from Connecticut and all the rest. But I am in no position to prevent Senators from offering amendments, of course. Any Senator can, at the last minute, decide that there is something else he wants to bring up, and that is within his power.

Mr. WEICKER. Might I ask the distinguished majority leader what the business will be for tomorrow?

Mr. MANSFIELD. If we do not finish this bill tonight, that will be the business. I should like to say that the Senator from Washington (Mr. MAGNUSON) proposes to take up the daylight saving bill. We have a schedule to contend with. This, of course, is subject to those who are interested in it, like the Senator from Colorado (Mr. DOMINICK), the Senator from Ohio (Mr. TAPP), and the Senator from Washington (Mr. MAGNUSON), the manager of the bill. Frankly, I do not want to stay here spinning our wheels on agreeing to motions, amendments, tabling motions, which do not mean anything except to make us look good, which it does not. It makes us look foolish.

Mr. WEICKER. I would concur with the distinguished majority leader. We should have voted on this bill a long time ago. I do not want to have important proposals laid before us and try to rush them through on the basis of the fact that we are trying to get out this evening.

Mr. MANSFIELD. We are not. The most difficult amendments are behind us, in my opinion. The Senator from Louisiana has a pretty good idea of what is coming up. I would like to suggest that we try to work out agreements as we go along at this time and ask that a final vote occur beginning at 9:30 and not later than 9:30.

Mr. WEICKER. If I might say to the distinguished majority leader, I usually find the most difficult proposals dispatched during the daytime hours but the most costly proposals get through during the night hours.

Mr. MANSFIELD. I think the costly ones are behind us—I hope.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object.

Mr. CANNON. Mr. President, I reserve the right to object.

Mr. LONG. Mr. President, I really do not think that on a bill of this magnitude, involving as much money and with the issues we have here, that we ought to permit ourselves to be in a situation where we would not debate amendments that might involve a billion dollars or

more. Much as I would like to accommodate the majority leader, that, in my opinion, would be something we might regret. Therefore, I cannot agree to that. But I will do everything I can to accommodate the majority leader in a general agreement on amendments.

Mr. MANSFIELD. If the Senator will yield and the Senator from Alabama concurs, I suggest that we just go along with the bill, take our chances with each amendment, and hopefully be able to pass the bill tonight.

Mr. ALLEN. Mr. President, reserving the right to object, I would like the agreement to state that at a definite time, at a time certain, we will return to the consideration of the House message, with the Senator from Alabama having the floor, as the agreement now provides, to take effect at 7 o'clock, and it is already 10 minutes past 7.

Mr. MANSFIELD. Would the Senator agree to 9:30?

Mr. ALLEN. That we return at that time, no matter what?

Mr. MANSFIELD. And the Senator has the floor.

Mr. ALLEN. No matter what state of affairs we are in?

Mr. MANSFIELD. That is correct.

Mr. ALLEN. I would like to state that by shortening the time that this bill is under consideration, we will probably save the U.S. Government about one-quarter of a billion dollars for each hour the debate is shortened. That is just about the track record of amendments thus far. About \$3 billion in amendments, according to the distinguished Senator from Louisiana, have been added already. So every hour we cut down, we probably save a quarter of a billion dollars.

Mr. CANNON. Mr. President, reserving the right to object, do I correctly understand that if we go ahead, deferring the Senator from Alabama's matter, and continue on this matter, we will go to the Senator from Alabama's problem at 9:30, whether or not we have finished this bill, and that he will have the right to the floor?

Mr. MANSFIELD. That is correct.

Mr. CANNON. I withdraw my objection.

The PRESIDING OFFICER. Is there objection?

Mr. WEICKER. Mr. President, reserving the right to object, I would like to know exactly what the unanimous-consent request is.

The PRESIDING OFFICER. The unanimous-consent request of the Senator from Montana is to extend the time on this bill until 9:30 tonight.

Mr. MAGNUSON. Mr. President—

Mr. MANSFIELD. 9:30 or before, and then it goes back to the Senator from Alabama.

Mr. WEICKER. If I am not mistaken, there are 10 minutes on each side?

Mr. MANSFIELD. No, that is out.

The PRESIDING OFFICER. That has been voided.

Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MAGNUSON. Mr. President, I heard the majority suggest that after

this bill was through, we would take up the daylight saving time bill tomorrow.

Mr. MANSFIELD. Subject to the approval of the Senator from Washington.

Mr. MAGNUSON. I am ready to take it up at any time. But how are we going to take it up if we go back to the debt limit bill?

Mr. MANSFIELD. If we cannot take it up, we will not. It is just a hope. The Senator from Washington has indicated that it is on the administration's must list. But let us face that tomorrow.

Mr. BUCKLEY. Mr. President—

The PRESIDING OFFICER. The Senator from New York.

Mr. MAGNUSON. I want those interested in the daylight saving matter—

Mr. PASTORE. Regular order, Mr. President.

The PRESIDING OFFICER. The Senate is not in order.

Mr. PASTORE. The Senator from New York has been recognized.

Mr. MAGNUSON. Mr. President, I reserve the right to object, and I want to find out about it. I will be here tomorrow, and I hope the other Senators are on notice. I do not think they should be here all day if there is a filibuster.

Mr. MANSFIELD. We will see how it works out.

The PRESIDING OFFICER (Mr. HOLLINGS). The Senator from New York has the floor.

The Senate will be in order.

Mr. BUCKLEY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BUCKLEY. 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:

At the end of Part A of title I of the bill, insert the following new section.

#### CONSUMER PRICE INDEX FOR THE AGED

Sec. — (a) In order to provide the Congress with improved means for formulating legislation with respect to older Americans, the Secretary of Labor, through the Bureau of Labor Statistics is authorized and directed to prepare, as part of the Consumer Price Index published monthly by the Bureau of Labor Statistics, a consumer price index (to be known as the "Consumer Price Index for the Aged") designed to reflect the relevant price information for individuals who are 65 years of age or older.

(b) (1) Section 215(1) of the Social Security Act is amended by striking out "Consumer Price Index", wherever it appears therein, and inserting in lieu thereof "Consumer Price Index for the Aged or the Consumer Price Index, whichever is the higher".

(2) (A) Except as provided in subparagraph (B), the amendments made by paragraph (1) shall be effective with respect to cost-of-living increases made after the date of enactment of this section under section 215(1) of the Social Security Act.

(B) The amendments made by paragraph (1) shall not be effective with respect to any cost-of-living increase made under section 215(1) of the Social Security Act if such increase is made with respect to a base quarter (as defined in section 215(1)(1)(A) of

such Act) which occurs prior to the first calendar quarter for each month of which there is published by the Department of Labor (in accordance with subsection (a)) a "Consumer Price Index for the Aged".

Mr. BUCKLEY. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, I compliment the Chair on its efforts to obtain order in the Chamber, and I hope the Chair will persist until it secures order in the Chamber.

The PRESIDING OFFICER. The Senate will be in order.

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

Mr. BUCKLEY. I yield.

Mr. LONG. Is this the Senator's amendment relating to the consumer price index for the aged?

Mr. BUCKLEY. Yes.

Mr. LONG. Mr. President, I would be willing to take this amendment to conference, and I suggest that the Senator provide the information that supports the argument, and we will see if the House will agree to it.

Mr. BUCKLEY. I am delighted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. BUCKLEY. Mr. President, I have a second amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 163, after line 23, insert the following new subsection:

"PROHIBITION OF FEDERAL FUNDING FOR ABORTIONS UNDER MEDICAID

"Sec. 193. None of the funds under title 19 may be used for the performance of abortions."

Mr. BUCKLEY. Mr. President, the language of this section is brief. It is section 193, and it reads:

None of the funds under title 19 may be used for the performance of abortions.

This language is substantially identical to the language that was approved recently by the conferees on the foreign aid bill.

This does not reach into the constitutional question. Rather, it simply says that the Federal Government will not pay for abortions. If States want to pay for them or help others pay, that is up to them, and they may do so with their own funds.

I suggest that if Congress felt that Federal funds ought not be allowed to be used abroad for the performance of abortions on foreign women, then at least we could accord the same protection to our own.

I believe that this amendment merely supports a continuing expression of congressional intent that has already been incorporated in several bills on this question. I am prepared to have a vote on it directly.

I offer this amendment, incidentally, on behalf of the Senator from Nebraska (Mr. CURTIS) as well as myself.

Mr. LONG. Mr. President, I am willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

AMENDMENT NO. 730

Mr. KENNEDY. Mr. President, I call up amendment No. 730, on behalf of Senator CHURCH, Senator CRANSTON, Senator CLARK, Senator PELL, Senator CASE, and Senator SCHWEIKER.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. 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:

On page 87 of the bill, insert between lines 21 and 22 the following new section:

"MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RECEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS

"Sec. 136. Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:

"MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RECEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS

"Sec. 1133. In addition to other requirements imposed by law as a condition for the approval of a State plan under title VI of such Act, there is hereby imposed (effective January 1, 1974) the requirement that such plan provide for the furnishing of at least three types of services (selected by the State) for individuals who are recipients of supplementary security income benefits under title XVI and who are in need of such services."

On page 87, line 23, strike out "136" and insert in lieu thereof "137".

Mr. KENNEDY. Mr. President, the amendment simply seeks equitable and parallel treatment for the elderly, blind, and disabled in the provision of services. As the committee bill attempts to provide broad flexibility to the States in the determination as to who is eligible, what services are to be delivered and how they are to be delivered, it still maintains five mandatory services, three of them affecting adult programs.

Thus, the committee mandates that in the adult program, the State shall continue to offer: first, family planning services, second, services to a mentally retarded individual; and third, services to drug addicts or alcoholics.

Essentially this amendment states that in a similar way the States should provide a minimum of three services to the elderly, blind, and disabled.

We do not in any way seek to override a State determination as to which three services could best yield the goals called for in the committee bill; that is, the self-support goal, the family-care or self-care goal, the community-based care goal and when other forms of care are not feasible, the institutional care goal.

However, as the committee report and as a host of studies by the Special Com-

mittee on the Aging, the most recently by the Subcommittee on Federal, State and Community Services that I chair, noted, these social services are crucial to prevent the far more costly, and more disrupting effects of premature and needless institutionalization.

It should be recognized that the proper mix of social services, such as homemaker services, transportation services, and health-related services can prove the difference between an individual maintaining a role in the life of our society or in being shut away in the nursing home unnecessarily.

While there have been some improvements in the HEW regulations for social services since the first set was published on May 1, there still remains the neglect of social services for the elderly, blind and disabled. I believe this measure will remedy the present situation and provide the elderly receiving SSI payments with a minimum level of vital services.

In this regard, I would like to emphasize that we have received letters of support for this amendment from the National Council of Senior Citizens, from the American Association of Retired Persons, from the National Council on Aging, from the American Foundation for the Blind, and the American Association of Workers for the Blind.

It must be recognized that this amendment does not in any way affect the \$2.5 billion ceiling adopted last year and retained in this bill. It does not affect the \$1.9 billion estimated for fiscal year 1974. In fact, when there was no ceiling on the expenditure of funds for social services, and when many more were mandatory, the cost remained less than one-fourth of all social services dollars while the elderly poor continue to comprise nearly a fourth of the Nation's poor.

As we all know the impact of inflation on the Nation's elderly has been brutal. Food prices alone has jumped nearly 20 percent since last year. And while the average family spends some 16 percent of its income on food, the elderly must budget nearly 27 percent of their income for that purpose.

Now with the prices of energy skyrocketing, once again it is the elderly, living in the older sections of our cities and dependent on high-cost fuel, who will carry the largest proportional burden of the energy crisis.

For all these reasons, I believe that a minimum step is to add to the current requirement of three adult social services for individuals presently on welfare, a similar requirement for three social services to be presented to the elderly, blind, and disabled within each State plan.

I urge the amendment's adoption.

In July 1973 there were 1.8 million recipients of old age assistance, 78 thousand recipients of aid to the blind and 1.2 million recipients of aid to the permanently and totally disabled. All qualify for the SSI program.

Currently all of these individuals are receiving social services required under the law in every State in the Nation.

Under this bill all of those services could be wiped out completely. There is

no guarantee that a single elderly blind or disabled person will receive any social services in any State unless this amendment is adopted.

Even under the increased levels of SSI—\$1,680 for a single individual and \$2,520 for a couple contained in this bill, these individuals still will be below the poverty line.

The result is that the effect of this bill could well be the reverse of its intent. Instead of permitting more individuals to achieve the goal of self-support and personal and family independence, we may be forcing more into dependency and into institutions.

This amendment will prevent that from occurring. It will assure a minimum package of three social services to the elderly, to the blind, and to the disabled.

Just as the committee left untouched the mandatory requirement for a minimum of services to AFDC recipients, so must we guarantee a minimum of services to this group. I urge its adoption.

Social services were mandated for the aged, blind and disabled in Federal regulations issued November 26, 1970. Those regulations were in effect until November 1, 1973 when the recent HEW regulations took effect.

The following social services were mandated to take effect immediately in 1970:

First. Information and referral services.

Second. Protective services.

Third. Services designed to permit aged to remain in the community or to be returned to the community—instead of being institutionalized—foster care and supportive service.

Fourth. Services supplemental health care—transportation to and from doctors and escort services.

Fifth. Self-support services for handicapped.

The following social services were to be mandatory as of April 1, 1974:

First. Homemaker services.

Second. Support services to blind.

Not a single one of these services would be guaranteed or assured to the aged, blind, or disabled unless my amendment passes.

These services previously were mandated on all States. Under the bill not a single service for the elderly will be assured.

Mr. President, I believe the amendment deserves the support of the Senate, and I urge its adoption.

Mr. LONG. Mr. President, the basis on which the committee resolved this was that we will provide each State with its share of the \$2.5 billion. In Louisiana our share would be about \$39 million. We would leave up to the States the decision as to which services they would provide and how much to provide.

I think every State would provide three services or more. I should hardly think that my State would want to provide less than three services to the aged. For the purpose of trying to let the States decide for themselves how this social service money should be used, with an overall limitation on how much each State should have, it was our feeling they

could make the best use of their funds if we did not stipulate how they use it. We did not try to dictate how they should spend the money for any service or group.

What the Senator is suggesting is not in line with the theory we propose, which was that this money be given to the States for what would amount to a revenue sharing program for social services.

So what the Senator is suggesting is contrary to the philosophy that finally prevailed in the committee. But it does not bother me at all if the Senate wishes to do it in the Senator's way.

Mr. KENNEDY. The amendment simply mandates three services for the elderly.

The States can choose any of the three, but they are going to agree, under the program, that they will render that service. At the present time, they are required to provide five. They were going to be required to provide two additional services under the regulations. So they were going to be required to provide seven services.

As I understand it, prior to the issuance of the regulations, only 13 percent of the elderly people were actually benefiting from the range of services that were included. So the track record in the past for the elderly, quite frankly, has been weak. This has been generally true in the manpower programs. The elderly are constantly being left behind.

Mr. LONG. Mr. President, I have no doubt that every State will find a way to provide three services to the aged. But we do not insist on them because we wanted to provide broad flexibility. It is purely a matter for a State to decide whether it wants to mandate three more services or not. If the Senate should not decide, the State will try to provide that number anyway.

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

Mr. KENNEDY. I yield.

Mr. HANSEN. Do I understand the amendment of the Senator from Massachusetts to require that States shall choose, from those 30-odd services, not fewer than three?

Mr. KENNEDY. The Senator is correct. It can be any three. The amendment leaves it up to the State, but it requires that three of those services shall be selected. We want to make certain that the States will meet the needs of the elderly. I imagine that the services will be different among the States. We have not specified which services they shall be; we just require three. No additional funds will be required. We just require the States to provide three services.

Mr. LONG. I have no strong objection to the amendment. I personally would let the States have the complete flexibility we gave them. But if the Senate wants to mandate three services, I see nothing objectionable to that. On the other hand, my personal preference would be to have a broad latitude. I am ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY) (putting the question).

The amendment was agreed to.

Mr. FANNIN. Mr. President, I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The clerk will read the amendment.

The assistant legislative clerk read as follows:

On page 64, line 6, through line 24, pg. 87: strike part D; of title I of the bill.

Strike paragraph 3(a) through 3(d) of Section 1130(b) of the Social Security Act as added by amendment No. 750 of this bill.

Mr. FANNIN. Mr. President, this amendment, which is being offered on behalf of the administration, seeks to delete in its entirety the committee's social services provisions. The effect of the amendment would be to let stand the November 1 regulations of the Department of Health, Education, and Welfare relating to social services.

The administration believes that by giving these regulations a chance to work, Congress, in a reasonable length of time, could then clearly determine whether or not these regulations would be detrimental to the administration of the social services program as many are alleging.

This amendment offers a choice between the revenue sharing approach as provided for in the bill and the regulations which seek to restore the social services program to its intended role of providing services to those on welfare or those in danger of becoming dependent on welfare assistance.

The administration feels that this bill's approach to social services may unwittingly destroy the social services program and defeat the intent of Congress.

Through its regulations the Department of Health, Education, and Welfare has attempted to restrict the social services to the area for which it was designed. Apparently there are those who believe that social services were intended for almost anybody, but the facts do not support this position.

The administration fears that the social services provisions of the bill would result in a further diffusion of Federal funds to support programs or activities unrelated to welfare, all in the name of reducing welfare dependency.

Mr. President, I have offered this amendment so that the record will be clear as to the administration's position on this issue. The administration is to be commended for the efforts which have been made to stop abuses of the social services program so that it will serve those who need and deserve it, the poor and the near poor. In seeking the amendment, the administration has demonstrated that it is deeply concerned about this program. It is evident to me, however, that in view of the discussion here today, this amendment would not be accepted by the Senate. Therefore, in order to preserve time and move on to other business before this body, I am requesting that the amendment be withdrawn.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. LONG. Mr. President, I have an amendment at the desk, which I offer on behalf of the Senator from California (Mr. CRANSTON).

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. LONG. Mr. President, I ask unanimous consent to dispense with further reading of the amendment.

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

The amendment is as follows:

On page 119, line 7, of the bill, add "(a)" after "163".

On page 119, between lines 8 and 9, insert the following new subsection:

(b) Section 409 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(c) The term 'individuals who have attained the age of 18' as used in subsection (a) above shall not include any individual who is not—

"(1) a father who is not incapacitated; or

"(2) a mother with no children under six, and who is not—

"(A) ill, incapacitated or of advanced age;

"(B) too remote from an employment program to be able to participate in such program;

"(C) needed at home to care for an incapacitated family member; or

"(D) attending school on a full-time basis; or

"(E) participating in a Work Incentive Program.

"(d) If the relative with whom a child is living is denied aid because of failure to comply with the requirements of subsection (a) above, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406 (b) (2) (without regard to subsections (A) through (E) of such section."

Mr. LONG. Mr. President, the committee has an amendment in the bill which reinstates the community work and training programs that existed prior to 1967 under the Social Security Act.

I believe it would be desirable to make two clarifications of the community work and training program which would be consistent with what we do under the work incentive program.

The amendment would therefore do two things:

First. It would prevent a State from requiring participation by any incapacitated or aged person, or by any mother who has a child under age 6, or who is caring for an incapacitated family member, or who lives in too remote an area, or who is attending school full time, or who is participating in the work incentive program.

Second. If a parent is denied AFDC because of the parent's refusal to participate in a community work and training program, the child will be able to receive protective payments.

Mr. President, the Senator from California discussed this matter. He thought that mothers with children aged under 6 should work only if they volunteered to work, and the amendment carries that out. It further states if a parent is denied AFDC assistance because of refusing to accept employment, the aid will nevertheless be continued for the benefit of the children under a protective payment mechanism.

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

The amendment was agreed to.

Mr. NELSON. Mr. President, I call up my amendment No. 738.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read the amendment, as follows:

On page 171, strike out lines 5 through and including 18.

The language proposed to be stricken is as follows:

TITLE XII—REPEAL OF DEDUCTION FOR GASOLINE TAXES

Sec. 301. (a) Section 164(a) (relating to deduction of taxes not related to a trade or business) is amended by striking and paragraph (5) (relating to taxes on gasoline and other motor fuels).

(b) Section 164(b) (5) (relating to separately stated taxes) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel".

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

Mr. NELSON. Mr. President, under the present law of the Internal Revenue Code of 1954 a taxpayer who itemizes his deductions may deduct State and local taxes paid by him during the year attributable to the purchase of gasoline, diesel fuel, and other motor fuels.

The Senate Finance Committee, in section 301 of H.R. 3153, proposes repealing the deduction for State and local gasoline taxes effective for taxable years beginning after December 31, 1973.

Amendment No. 738 would delete the committee section 301 repealing deductions for State and local gasoline taxes.

Mr. President, earlier in the day the Senator from Massachusetts (Mr. KENNEDY) and I and some other Senators called up a minimum tax amendment to raise the funds necessary for the tax credit for low income workers with families contained in S. 3153. That amendment lost on a rollcall vote. We had intended to call up the minimum tax and restoring the gasoline tax deduction in the same amendment. Such an approach could be subject to a demand for a division of the question, we therefore separated our amendment. Since the purpose of the minimum tax was to replace the revenue gain by repeal of the gasoline tax and since we lost the vote of the minimum tax, the major threat for this amendment was lost.

The defeat of the minimum tax was a mistake. We could have imposed a little more tax on those who, in my judgment, are not paying adequate taxes on preferred income, and such an approach would have been preferable to the repeal of the gasoline tax, which is beneficial to numbers of low-income people—in fact, 71 percent of the benefit of this deduction goes to people with taxable incomes of \$20,000 or less.

In any event, I want to record my personal objection to the repeal of the deduction for the gasoline taxes for this purpose and reiterate my support of the proposal to strengthen the minimum tax.

Mr. LONG. Mr. President, the committee added to the bill about \$700 million of additional benefits for the poor which would not be financed by the social se-

curity tax. When we go to conference with the House, we invariably find that the House of Representatives is inclined to insist, and also that the administration advises, that they are not willing to agree to benefits for the poor if it results in an unbalance in the budget or are not financed. Therefore, this repealer of the gasoline tax deduction was proposed in order to fund the benefits of the low-income tax credits for which the Senate voted by a margin of about 3-to-1.

It is not likely that we will prevail in enacting into law that provision or the other major benefits that we have proposed here in the Senate if we do not have funds to pay for them. Therefore, we took this one item of so-called tax simplification, which, in the opinion of the administration as well as the committee, is one of the lower priority tax deductions, and said it should be repealed.

The administration recommended that this deduction should be repealed as part of its tax simplification proposals. We in the committee recommended this repeal at this time as a tradeoff to raise the funds in order to make relief possible by way of tax credits for persons of low income.

To show Senators how much it would amount to, it is our opinion that persons paying a tax on \$5,000 or less on the whole benefit only in the sum of \$8 million from this item. The benefit is concentrated among those who make in the area of \$10,000 to \$50,000.

I point out, Mr. President, that this deduction does not benefit a great majority of the taxpayers who file the simplified tax return, since on these returns they will take the standard deduction rather than itemize their deductions.

The gas tax deduction only benefits those who itemize their deductions. Even among these people there is an inequity and an injustice in that many people do not keep up with how much gasoline they buy and how much State taxes they pay.

The internal revenue people complain that this is probably an item that is subject to the greatest amount of chiseling.

This is the one item that we thought should be repealed and the money that would be gained by the repeal would be used to pay some of the benefits contained in the bill.

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

Mr. LONG. I yield.

Mr. HANSEN. Mr. President, I would like to add my support, although he needs none, to what the distinguished Senator from Louisiana has said.

Let us understand clearly the point that the distinguished floor manager of the bill is making. In authorizing payments to the working poor, the Finance Committee singled out that group of people that in its judgment were most deserving of help. We want to help the people whose income were below any decent standard that one could imagine.

It was with that thought in mind that the Finance Committee reported out the benefits to the working poor. The question arises, how do we pay for it. It costs

about \$700 million. In order to pay for it, the chairman of the committee and the other members of the committee agreed that the best way to do that would be to repeal the gasoline tax payment exemption. It is a fact that most of the poor people do not itemize their gasoline taxes paid, just as the chairman of the Finance Committee has said.

So it is of no benefit to them anyway. And as the chairman of the committee has also said, the people who do itemize the tax, oftentimes in the opinion of the Internal Revenue Service are chiseling on it. They put in for more taxes paid than probably could be documented.

So really, I can think of no better way to pay this \$700 million to the working poor than through this mechanism.

I think it is important to understand that after this tax savings has been effected by repealing this gasoline tax deduction, we are going to be able to go to the House with a balanced budget. This will serve to help the people who need it most, the poor people.

As everyone here knows, the burden of inflation falls most heavily upon the shoulders of those who are poor.

It seems to me that there are three very excellent reasons not to agree to the amendment of the distinguished Senator from Wisconsin.

I thank the Senator from Louisiana for yielding.

Mr. LONG. Mr. President, I thank the Senator from Wyoming for his remarks.

Mr. NELSON. Mr. President, whenever we talk about taxes, we really have to be talking about relative inequity. And that is what we are talking about here.

The question is whether we should pay for the tax credit to the working poor by strengthening the minimum tax and tax preferred income that totally escapes all taxation or whether we should repeal the deductibility of local and State gasoline taxes which is beneficial to people in a much lower-income bracket.

On that question there is no doubt whatever that the minimum tax was a much more equitable way to pay for this program than to repeal the gasoline taxes.

So that there can be no mistake about it, I ask unanimous consent that a chart be printed in the Record to show who the beneficiaries are.

Mr. KENNEDY. Mr. President, if the Senator would yield, would the Senator from Wisconsin also ask unanimous consent to have printed in the Record, directly below the chart he is requesting to have printed in the Record, the chart on the minimum tax, so that we see side by side what the Senate has been asked to do.

Mr. NELSON. Mr. President, I also ask unanimous consent that right below the chart I have requested to have printed in the Record there also be the chart showing the minimum tax so that the comparative benefits can be shown.

There being no objection, the tabulations were ordered to be printed in the Record, as follows:

TABLE I.—1972 INCOME TAX DEDUCTIONS TAKEN FOR STATE AND LOCAL GASOLINE TAXES

(In millions)		Amount of deduction
Income tax bracket:		
\$3 to \$3,000.....		1
\$3,000 to \$5,000.....		7
\$5,000 to \$7,000.....		27
\$7,000 to \$10,000.....		83
\$10,000 to \$15,000.....		165
\$15,000 to \$20,000.....		136
\$20,000 to \$50,000.....		147
\$50,000 to \$100,000.....		19
\$100,000 and over.....		6

TABLE II.—DISTRIBUTION OF GAIN FROM INDIVIDUALS UNDER PROPOSED MINIMUM TAX AMENDMENTS

Adjusted gross income	Number of returns affected	Increase tax
\$0 to \$5,000.....		
\$5,000 to \$10,000.....		
\$10,000 to \$20,000.....	11,000	\$4,000,000
\$20,000 to \$50,000.....	22,000	28,000,000
\$50,000 to \$100,000.....	30,000	299,000,000
\$100,000 and over.....		
Total.....	63,000	330,000,000

Mr. NELSON. Mr. President, I might point out that people in the income bracket from \$5,000 to \$7,000 receive deductions totaling \$27 million. Those in the bracket from \$7,000 to \$10,000 receive deductions of \$83 million. Those in the bracket of \$10,000 to \$15,000 receive deductions of \$165 million. Those in the bracket from \$15,000 to \$20,000 receive deductions of \$136 million.

Over 70 percent of the benefits of the gasoline tax deduction goes to people in the \$20,000 bracket or below.

So, if we match the equity of this proposal with the equity of the minimum tax proposal, there is not any doubt whatsoever that the minimum tax is more equitable and would result in more benefits to the working poor than would the repeal of the gasoline tax.

That ought to be perfectly clear to everyone. We are always happy here to give benefits to the wealthy in all parts of the tax law. But to give some benefit to someone who deducts his expenses for driving to work, somehow or other that is not a good program; it is not equitable.

Mr. KENNEDY. Mr. President, very briefly, I commend the Senator from Wisconsin for the amendment which he has offered and has fought for in the Finance Committee and here on the floor of the Senate.

It is interesting that only a little over an hour ago, as the Senator from Wisconsin has pointed out, the Senate turned its back on the reform for a modest increase in the taxes for those who were making over \$100,000 a year. There was little doubt on that vote. The Senate refused to close a loophole in the minimum tax, a loophole that provides about \$600 million in tax benefits to the wealthy every year.

Now, however, the committee asks us to repeal the gasoline tax deduction; because, they say, it is an unjustifiable

tax loophole that costs \$600 million a year. And who does that loophole benefit? Not the wealthy, you may be sure. Instead, it benefits those in the low- and middle-income tax groups. Yet, the committee wants to close.

The Senate will have an opportunity to consider all the various deductions in the tax laws next year, as part of comprehensive tax reform legislation.

That was the argument that opponents used to defeat the amendment of the Senator from Wisconsin and the Senator from Massachusetts on the minimum tax.

It seems to me that the same reasoning applies to repealing the gasoline tax deduction as well. If we are going to defer for next year any consideration of the tax code, I wonder why we are trying to eliminate this deduction at the present time.

I hope that the Senate will act favorably on this amendment. I think it is something that all American consumers understand. They know that with the worsening energy crisis, they may well be called upon to pay higher prices for gasoline, and their gasoline taxes will go up. Yet, here is the Senate, taking away their gasoline tax deduction, right in the middle of the energy crisis.

It seems to me that the proposal of the Senator from Wisconsin deserves the support of the Members of the Senate here this evening.

Certainly, this is one of the most popular and best understood amendments in the tax code. If the automobile owners had a lobby, you can be sure they would be flooding our offices with mail and telegrams and personal visits urging us to oppose any effort to close the gasoline tax deduction loophole, just as the oil and gas industry actually did flood us in opposition to the effort to close the minimum tax loophole.

But you can be sure that the American consumer will do a quiet burn if he reads in tomorrow's paper that the Senate has just voted to take away his gasoline tax deduction. If he itemizes his deductions, you can be sure it is one deduction he really understands. Because when he makes out his tax return, he turns to the page in the instruction booklet that contains the gasoline tax table. Then, he finds his State's tax rate per gallon in the table, and runs his finger along the table until he comes to the amount of his tax deduction, based on the size of his car and the number of miles he has driven.

So this is not one of those actions by Congress on the tax code that the long-suffering average American consumer will have any difficulty in understanding.

I recognize the merits of the proposal to repeal the deduction, as a concept of tax reform. In fact, I have supported repeal of the deduction myself, on occasions in the past, as part of a comprehensive tax reform package.

But if we are going to repeal it, that is how we should do it, as part of a larger tax package where we can try to assess the effect of a series of changes

on the average taxpayer, so that he is not hurt too badly or unfairly.

This amendment would let the average taxpayer keep his gasoline tax deduction, and a vote in favor of it is a vote for the American consumer. I commend Senator Nelson's insight and initiative in offering this amendment, and I urge the Senate to adopt it.

The PRESIDING OFFICER (Mr. Hollings). The question is on agreeing to the amendment of the Senator from Wisconsin (putting the question).

Mr. KENNEDY. Mr. President, I ask for a division.

The PRESIDING OFFICER. All those in favor of the amendment please stand; those opposed to the amendment will please stand.

The ayes appear to have it. The ayes have it, and the amendment is agreed to.

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

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. On the reconsideration?

Mr. NELSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. NELSON. Mr. President, is this a motion to reconsider the vote by which the amendment was agreed to?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, is it appropriate for a person who voted on the losing side to make that request?

The PRESIDING OFFICER. The Chair informs the Senator from Massachusetts that it is not.

Mr. LONG. Mr. President, I withdraw my motion.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the further reading of the amendment be waived, and that the text of the amendment be printed in the Record.

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

Mr. HUMPHREY's amendment is as follows:

At the appropriate place in the bill, insert the following new section:

PROVISION OF HOME HEALTH SERVICES UNDER THE INSURANCE PROGRAM ESTABLISHED BY PART A WITHOUT A PRIOR STAY IN A HOSPITAL

Sec. —. (a) (1) section 1812(a) (3) of the Social Security Act is amended to read as follows:

"(3) home health services for up to one hundred visits within a calendar year.;"

(2) The first sentence of section 1812(d) of such Act is amended to read as follows: "Payment under this part may be made for home health services furnished an individual only for not more than one hundred visits during any calendar year."

(3) Section 1812(e) of such Act is amended by striking out "post-hospital" the second time it appears therein.

(b) Section 1811(a) (2) (D) of such Act is amended to read as follows:

"(D) in the case of home health services (1) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(1)) and needed skilled nursing care on an intermittent basis, speech pathology or audiology services, or physical therapy, (ii) a plan for furnishing skilled nursing care or physical therapy to such individual has been established and is periodically reviewed by a physician, or, in the instance of speech pathology or audiology services, such individual has been referred by a physician, and (iii) such services are or were furnished while the individual was under the care of a physician.;"

(c) Section 1835(a) (2) (A) of such Act is amended to read as follows:

"(A) in the case of home health services (1) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, speech pathology or audiology services, or physical therapy, (ii) a plan for furnishing skilled nursing care or physical therapy to such individual has been established and is periodically reviewed by a physician, or, in the instance of speech pathology or audiology services, such individual has been referred by a physician, and (iii) such services are or were furnished while the individual was under the care of a physician.;"

(d) (1) Section 1861(m) (2) of such Act is amended to read as follows:

"(2) physical, occupational, or speech therapy, and speech pathology or audiology services.;"

(e) Section 1861(n) of such Act is repealed.

(f) The amendments made by subsections (a), (b), (c), (d), and (e) shall be effective for calendar years ending after December 31, 1973.

Mr. HUMPHREY. Mr. President, this amendment has as its purpose to eliminate the prior hospitalization requirement for home health visits under part A, and it would make the medicare recipients, or those eligible for medicare, eligible for 100 home visits under part A and 100 home visits under part B.

If the older person has not been hospitalized, the part A services would be available after using up the part B services.

The reason for that is that the part B services require, of course, some payment on the part of the individual under the medicare program.

This particular amendment would do a great deal to eliminate some of the costly hospitalization that is provided for under part A. We know, for example, that hospital costs run \$100, \$115, or \$120 a day, and to be able to provide under part A in the medicare program for the elimination of the hospital requirement, and to have home health visits, I think, would be an economy measure, on the one hand, and would also be very desirable for many of the people who are elderly ill, who would prefer to be treated in their own homes.

SOCIAL SECURITY—MEDICARE IMPROVEMENTS  
ESSENTIAL FOR OUR OLDER CITIZENS

Mr. President, I applaud the sustained effort of the Senate over the past few days to complete action on legislation of vital importance to our older citizens,

H.R. 3153, Social Security Amendments of 1973.

Older Americans urgently need the two-stage, 11 percent increase in social security benefits provided for in this legislation, simply to meet sharp increases in the cost of living over recent months and further anticipated in 1974. And it was my privilege to have initiated congressional action on this vital matter in securing the adoption by the Senate in September of my amendment calling for the immediate implementation of a special 5.9 percent cost-of-living increase in social security benefits previously enacted by Congress but not to become effective until June, 1974.

#### POOR AND ELDERLY SUFFER

The poor and the elderly are the chief victims of inflation. Food prices have risen 19 percent in the last year and 29 percent only during the last 3 months. The price of fuel oil and gasoline jumped 6 percent in October alone. And housing costs have risen about 8 percent in 1973, with a sharply reduced supply of new housing and the limited availability of mortgage financing now threatening to send these costs much higher.

Americans living on fixed incomes in retirement cannot begin to meet these cost increases. But beyond this difficult situation, they also confront the harsh reality of continually rising health care costs which absorb a significant portion of their limited incomes. Our citizens over age 65 must spend twice as much on health care as do younger persons.

It was for these reasons that I have not hesitated to join in sponsoring several key amendments to the pending legislation, to control costs borne by medicare beneficiaries and to expand medicare coverage of health services that are of vital importance to elderly persons.

#### HUMPHREY COSPONSORED AMENDMENTS

I am gratified that several of these amendments have been adopted by the Senate, for they carry through the intent of several original bills which I introduced in the 92d Congress and early this year. One amendment would extend long-overdue medicare reimbursement to the cost of outpatient prescription drugs for the treatment of certain basic illnesses. Another would freeze the medicare inpatient hospital deductible at \$72, rather than require an elderly beneficiary to bear a further increased initial hospital cost of up to \$84 next year. A third amendment would increase the number of hospital days covered under medicare for elderly patients with long-term illnesses, and substantially reduce the hospital cost deductible which they must pay.

I strongly support these improvements in the medicare program, as well as further amendments to improve child care standards, to provide for a vitally needed extension of the Federal-State extended unemployment compensation benefits program, to further extend social security benefits to widows, and to expand medicare coverage for essential out-of-hospital health care services. In addition, I jointly sponsored the amendment passed by the Senate to protect certain elderly poor recipients under the new supplemental security income program from a

reduction of benefits that could result from social security benefit increases enacted by Congress.

Such amendments serve to strengthen the important reform measures in H.R. 3153 as reported by the Senate Committee on Finance. Included are measures to provide important assistance to low-income, wage-earning families through a new tax credit program; to prohibit denial of eligibility for food stamps to the elderly under specified options of the supplemental security income program; and to raise the guaranteed monthly income under this program to \$140 for an individual and \$210 for a couple, effective in January 1974, with further increases scheduled for next July.

#### SOCIAL SERVICES REFORMS

I am particularly gratified that the committee-reported bill would overrule certain negative and even regressive features of recent final regulations on social services issued by the Department of Health, Education, and Welfare. The provisions in this bill permitting maximum flexibility in a State's determination of essential services to provide crucial assistance to the greatest possible number of people, within an overall spending ceiling, will effectively carry out the original intent of Congress in social services revisions enacted last year.

The bill wisely defers the implementation of previously enacted provisions which have been interpreted to limit medicare payment for physical therapist services and services of supervisory physicians at certain teaching hospitals.

However, I remain seriously concerned about certain provisions in this bill. I believe that an alternative tax reform mechanism is required to provide revenues to finance certain programs under this legislation, rather than the proposed elimination of deductions for State and local gasoline taxes, currently applied against the Federal income tax determined for an individual. I would sharply question the wisdom of provisions on earnings—disregard in the determination of AFDC eligibility, on limitations in eligibility for medicaid, and on child support requirements. And I would strongly urge the reconsideration of provisions calling for the revival of the community work and training program, terminated by Congress in 1967. The implementation of this program at this time could lead to serious inequities and even injustices with respect to current manpower and public employment programs and in light of anticipated increased unemployment.

#### HUMPHREY HOME HEALTH CARE AMENDMENT

Mr. President, I have submitted an amendment to H.R. 3153, to provide for long-overdue coverage under medicare of home health services for the elderly, to stress the importance of congressional action on this critically important matter without delay. This amendment is a revised version of a bill (S. 3107) which I introduced in the last Congress.

I have joined in sponsoring a somewhat similar measure recently introduced by my distinguished colleague, the Senator from Maine (Mr. MUSKIE), as well as related legislation sponsored by

the Senator from Idaho (Mr. CHURCH), providing for Federal grants for the establishment of home health care services agencies. The latter bill is in line with another bill I introduced in the last Congress, S. 3364, the Comprehensive Home Health and Preventive Medicine Act.

My present amendment would extend all home health care provisions of the medicare program to the elderly on the prescription of a physician, eliminating the requirement of a hospital stay of at least 3 days in order to receive these benefits. In addition, it would authorize medicare coverage for speech pathology or audiology services.

This amendment will not only directly benefit the elderly by covering many services which formerly were covered only as posthospital care, but will ultimately save the Government millions of dollars in medicare hospital fees. It will carry forward experimental studies authorized under Public Law 92-603, as a direct program of assistance that recognizes that the largest single factor in the high cost of health care is hospitalization. Last year, the average daily cost per patient in community hospitals soared to \$105, an increase of 115 percent since 1964.

An in-depth study by the General Accounting Office last December concluded that the Nation's health care system is in drastic need of a massive overhaul, and that a primary requirement is that the demand for hospitals must be reduced. The GAO report cited a Public Health Service study which indicated that 17 out of every 100 patients in a hospital on any given day could be cared for in a convalescent facility for 25 percent of the cost. And the GAO study estimated that reducing the average length of hospital stay by only 1 day could cut as much as \$2 billion a year from health care costs.

#### NATIONAL CHRONICARE DEMONSTRATION CENTERS ACT

It was in direct response to the critical need for developing alternatives to hospitalization that early this year I introduced S. 393, the National Chronicare Demonstration Centers Act. This bill envisions the development of centers immediately accessible to the chronically ill and disabled, and providing a wide range of services, including diagnostic screening and outpatient treatment, convalescent care, various rehabilitation programs, and periodic intensive nursing as an alternative to acute care, or hospitalization.

By direct contrast, however, there has been a serious decline in home health services under a narrowly restrictive policy applied under the medicare program over the past few years by the Social Security Administration. Payments for home care under medicare declined from \$115 million in fiscal 1970 to \$69 million in fiscal 1972. There has been a significant reduction in the number of certified home health agencies, which currently receive less than 1 percent of medicare expenditures.

While one actuarial estimate that has been brought to my attention suggests

that expenditures under my amendment on home health care services for the elderly could eventually reach \$300 million, I believe the arguments I have presented clearly establish that it would result in a significant savings in total costs under the medicare program through the substantial reduction of dependence on hospitalization to assure Federal reimbursement.

Moreover, the best professional judgment today is that hospital care is not necessarily the best kind of health care for many patients who now receive it or seek it. Hospital and nursing institutional care should be reserved as much as possible for cases of emergency, acute illness and surgery. A system which requires the aged to stay in a hospital for 3 full days in order to benefit from home health care, is both inefficient and insensitive to the physical and psychological needs of our senior citizens. And, in the light of frequent evidence of unavailable hospital bed space, such a system can work to deny health care altogether to increasing numbers of older Americans.

It is essential that Congress take action to assure that elderly persons receive the treatment which is essential to their health and continued participation as active citizens in society, without having their retirement savings destroyed, and their retirement incomes decimated.

#### FURTHER SOCIAL SECURITY REFORMS

In conclusion, Mr. President, I urge the Senate to continue to give serious consideration to the need for further reforms in the social security and medicare programs. Important steps have been taken to assure that recipients do, in fact, receive the full benefit of social security benefit increases, without offsetting reductions in other pension income. These legislative protections respond to the concern I expressed early this year in introducing S. 835, the Full Social Security Benefits Act.

However, it is clear that an in-depth assessment of the purposes and financing of the social security program is long overdue. Last March I introduced S. 1143, the Social Security and Medicare Reform Act. Among other provisions, the bill called for a phase-in of one-third financing of the social security program from Federal general revenues, to reform what has increasingly amounted to a regressive payroll tax—a heavy burden borne by the working man. Another reform proposed in this bill would be the elimination of the earnings limitation for social security retirement benefits—making it the policy of our Government that no person should be denied the opportunity to work or be penalized for working, because of age.

I believe that much more can and must be done on behalf of our people—such as the expansion of maternal and child health care services, and the improvement of benefits on behalf of dependent and disabled persons.

Finally, it is incumbent upon Congress to do everything possible to assure our older citizens the right to enjoy life and participate fully in society and to obtain the health care that is so essential.

I have discussed this proposal with



the experts and the technicians who are here from the committee, and with the chairman, and I hope the chairman will see fit to take it.

Mr. LONG. Mr. President, in the fashion in which the Senator has modified his amendment, I have no objection to it.

Mr. HUMPHREY. I ask unanimous consent that the name of the Senator from Maine (Mr. MUSKIE) be added as a cosponsor of the amendment.

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

Mr. MUSKIE. Mr. President, I am pleased to join my distinguished colleague from Minnesota in proposing an amendment to expand home health care coverage under medicare. The change effected by this amendment is one of a package of changes I have proposed in separate legislation, S. 2690, the Home Health Care Medicare Amendments of 1973.

The amendment before us today would delete the requirement that the home health care treatment covered under medicare be related to the condition which required initial medicare-covered hospitalization. This requirement has resulted in the denial of many home health care claims because the condition requiring home treatment may be different from the one which was originally diagnosed as the cause of hospitalization.

The Senate Aging Committee's Subcommittee on Health of the Elderly, of which I am chairman, has conducted hearings this past year on the problems of home health care under medicare. One witness at those hearings testified about the problems of the prior hospitalization requirement as follows:

Frequently, we get patients with four to five or more diagnoses, and if hospitalized for one of these diagnoses and then sent home to home care, [under the law] we should be treating the reason for hospitalization in order to have Medicare coverage. This condition perhaps was resolved in the hospital, but the [patients] other chronic problems appear now to be more disabling. This [situation] should be covered under Medicare but usually is not.

Thus, the prior hospitalization requirement acts to deprive those who need and deserve home health care treatment of medicare coverage.

Mr. President, I hope the Senate will adopt this amendment today to correct this deficiency in medicare home health coverage. I hope that eventually we will have a more comprehensive expansion of medicare home health care coverage, along the lines spelled out in my bill, S. 2690.

I commend the Senator from Minnesota for his initiative in bringing this amendment before the Senate today.

The question is on agreeing to the amendment of the Senator from Minnesota (Mr. HUMPHREY).

The amendment was agreed to.

Mr. GRAVEL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 141, line 4, immediately after the word "reservation" but before the comma, insert the following: "or in the state of Alaska".

Mr. GRAVEL. Mr. President, this is a very slight amendment. The way the bill is presently constituted, natives and Indians who are on a reservation would be entitled to full funding on medicare, rather than on a matching basis. Unfortunately, we in Alaska do not have any reservations as they are presently defined, but in the areas where the Indians live, they have the same commitment from the Federal Government as Indians who live on reservations in other States. So there is no difference; the only thing is that there is an aberration in the language because of the definition of the word "reservation."

This has been corrected for other States, and I would hope the chairman would accept this amendment, which would not be very costly; the impact, I believe, is \$700,000 for the services that would be provided to all the natives of Alaska, who would otherwise be denied such services because of the aberration in definitions.

Mr. LONG. Mr. President, in view of the fact that these Alaskan Indians are already a Federal responsibility, I do not object to the amendment.

The PRESIDING OFFICER (Mr. HOLLINGS). The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

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### AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. DOLE's amendment is as follows:

On page 87, lines 21 and 22, insert the following new section:

SEC. 136. Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:

"REPORTING REQUIREMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES

"SEC. 1133. In addition to other requirements imposed by law as a condition of approval of a State plan under part A of title IV or under title VI, there is hereby imposed the requirement that such plan provide that, not later than 45 days prior to the beginning of each fiscal year (commencing with the fiscal year which ends June 30, 1975) that such State shall compile, and make public, a list (with respect to social services to be provided for the coming fiscal year under such plan) which indicates each type of service which such State intends to provide (for such fiscal year) under such plan, the anticipated expenditures (from both State, local, and Federal sources) for such type of service for such fiscal year, and the criteria to be imposed under such plan to determine eligibility for each such type of service. Nothing in this section shall be construed to limit the right of any State to revise its plan (as referred to in the preceding sentence) with respect to the provision of social services for any fiscal year, or otherwise modify the conditions and circumstances under which such services will be provided thereunder, for or because of the fact that such State shall have previously compiled and made public the list referred to in the preceding sentence."

On page 87, line 23, strike out "136" and insert in lieu thereof "137".

Make appropriate conforming changes in the table of contents of the bill.

#### SOCIAL SERVICES AMENDMENTS

Mr. DOLE. Mr. President, the Finance Committee during recent deliberations on H.R. 3153 considered several proposals to alter the social services program. After much deliberation and several votes by

the committee, it was finally agreed that the States should be granted greater leeway in the operation of their social services programs. This action was taken partially in an effort to avoid the complications which have arisen due to HEW regulations, and partially because it was felt that each State could best decide for itself exactly how the social service funds could be utilized most effectively within its boundaries.

The committee bill provides that States may furnish services which they find to be appropriate for meeting any of four broad goals: First, self-support—to achieve and maintain the maximum feasible level of employment and economic self-sufficiency; second, family care or self care—to strengthen the family and to achieve and maintain maximum personal independence, self-determination, and security in the home; third, community-based care—to secure and maintain community-based care which approximates a home environment when living at home is not feasible and institutional care is not appropriate; and fourth, institutional care—to secure appropriate institutional care when other forms of care are not feasible.

Within these broad goals, a myriad of services can be offered to serve the needy. The bill includes a list of the services which may be provided, but the list is only illustrative of what is meant by the term "social services" and is not intended to limit the freedom of the States to provide other types of services so long as the other services are offered in order to meet the broadly defined goals of self-support, family care or self-care, community-based care, or institutional care which are outlined in the bill.

The bill as it now stands approaches a special revenue sharing discretion that is given local and State governments in determining how the social services funds are utilized within their own State. There continues to be a 3 to 1 matching requirement so that the State must come up with matching funds, and the States are required to include in their State welfare plan a report on the intended use of the program funds. Yet the State plan is submitted by the States basically for administrative purposes, and it cannot be rejected or adjusted at the Federal level.

Thus the social services provisions in this bill are designed to give States maximum flexibility in designing and operating their social services program. The only Federal oversight maintained over the program is that the bill requires the States to submit an annual report on their use of funds for social services. The report should show how much each State expended for each type of service and include information on the extent to which social services funds were used for services to persons not actually on welfare. HEW has the responsibility of requesting this information from the States and transmitting the information to the Congress in the form of an annual report. The committee has emphasized, however, that this annual reporting requirement does not authorize the

Department to impose upon the States complex and burdensome reporting provisions nor is the reporting requirement intended to place upon HEW the burden of conducting audits to provide detailed certification of these reports.

I support this provision and feel generally that legislation which moves the decisionmaking powers from bureaucrats in Washington to the people at the State and local levels will result in a more efficient and effective utilization of Federal tax dollars. If revenue sharing is the solution to our problems in other areas, it can work to solve our social problems too, since even greater local flexibility is needed in these areas. Yet, at the same time I feel that the Federal Government has a responsibility to insure that the federalism approach functions as it should. There is nothing mysterious about the revenue sharing concept that insures that turning the funds over to officials at the lower government levels will insure they are used in a more effective manner. Transferring the funding decisions from the Federal bureaucracies to State bureaucracies is not in itself the solution. Decentralization of the decisionmaking powers will only serve to improve Government if the people at the community level become involved and have an active voice in the development of programs and the determination of how the funds are to be utilized.

Because I feel that it is important that beneficiaries, providers, professionals, and all other parties interested in a viable social services program be involved in its development, I am proposing an additional amendment which I ask to be considered at this time.

The amendment provides that 45 days prior to the beginning of each fiscal year, each State make public the following information regarding its social services program:

First. A list of services to be provided under the program.

Second. The anticipated expenditures for the entire program and for each specific service.

Third. The criteria to be imposed under such plan to determine eligibility for each type of service.

This information would serve to notify all parties interested in and concerned with the social services program what the State intends to accomplish with its funds and who the State intends to serve. As prescribed by the amendment, the information would not be binding on the State, and the program could be adjusted by the State without any notice or publication. No penalties would be involved if the intentions expressed in the publication were not realized during the year. Thus, the requirement of this provision would not limit the flexibility now available to the States in developing their programs.

The publication would put the Government on record as to what it intends to do with the social services program. I would encourage a better organized and fully developed State plan. It would also, when compared with the year-end reports made to the Federal Government, require that States have facts and fig-

ures to justify the need for any alteration in the social services program as announced at the beginning of the year.

I would agree that Federal control has made the social services program an administrative nightmare over the past year. While it seems reasonable to limit Federal intervention, it still seems that we have some responsibility to assure that a procedure is established at the local level to guarantee that the social services funds are spent wisely.

Kansas has an entitlement of over \$27.1 million in social services funds, an amount which exceeds by nearly \$6 million the general revenue sharing funds made available to the State. Thus, this is a sizable program; and I think it is wise that before we remove all Federal controls, we make sure that within the limits of flexibility we wish to grant to the States, that the funds are utilized for their intended purpose. I feel that added assurance can be obtained through a system of checks and balances at the local level, by insuring maximum involvement on the part of all individuals concerned. I feel the amendment I have proposed will help insure this involvement and am hopeful that my colleagues will join in support of the measure.

I would like to pose several questions to the distinguished Senator from Louisiana for the purpose of clarifying some of the issues that have been raised by Kansans regarding the social services program as revised by this legislation.

I have been contacted by numerous individuals across the State regarding the input they might have in the development of a State social services program. There have also been inquiries from those who wish to participate in the administration of the program and provision of services.

Is there anything in the Federal law which would prevent mayors, city council members, social workers, consumers and professionals involved in the provision of social services but who are outside the State departments of social welfare from participating in the development of the State social service plan?

Mr. LONG. No.

Mr. DOLE. Is there anything in the Federal law which would prevent the State from permitting cities and other jurisdictions within the State from receiving funds made available to the State under the social security law, and administer social services programs within their city in accordance with the State plan?

Mr. LONG. No.

Mr. DOLE. Questions have arisen in Kansas regarding the allocation of social services funds during 1974 under the formula included in the bill.

Due to the effort to limit funding of the social services program at the \$1.9 billion funding level included in the budget, a new formula for allocating the funds for 1974 was devised. The formula provides State entitlements equal to four times the federally reimbursable costs incurred during the first quarter of fiscal year 1974.

The social services program in Kansas incurred a federally reimbursable cost of approximately \$2.5 million during the

first quarter of 1974, but was only reimbursed at a \$1.7 million level because the State is only reimbursed for 2 months' costs in the first quarter under their present accounting procedures. The formula in the bill provides for States an initial entitlement of four times their first quarter's usage of funds. In Kansas would this be four times the actual reimbursable costs incurred, that is \$2.5 million or would it be the \$1.7 million figure which it was actually paid for the first 2 months of the first quarter?

Mr. LONG. It would be four times the reimbursable costs incurred.

Mr. DOLE. Mr. President after all the States receive an initial reimbursement according to the formula for 1974, the funds remaining in the \$1.9 billion authorization, except for the \$50 million special fund, are distributed among the States in accordance with the entitlement formula established last year in the revenue-sharing bill and which will again be in effect next year.

The \$50 million fund will be available for allocation by the Secretary of Health, Education, and Welfare to prevent certain States from falling below their 1973 funding levels. It is anticipated that the considerable less than \$50 million will be required to meet the requirements of these particular States. Therefore, at my request the committee agreed to permit the remaining portion of the \$50 million fund to be allocated to States which are otherwise limited under the 1974 formula to a relatively small part of their regular allocation under the \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974.

This provision is important for Kansas as the State plans to expand its program to better serve the needs of the developmentally disabled. I am, therefore, hopeful that the funds available in this fund can be made available to the State of Kansas if it is needed.

Mr. President, I have discussed this amendment with the distinguished Senator from Louisiana, and as I understand, he is willing to accept the amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HOLINGS). The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. ROBERT C. BYRD's amendment is as follows:

In subsection (a)(1) of the section added to the bill by Amendment No. 728, strike out "202( )" and insert in lieu thereof "202(e)". In subsection (b) of such section, strike out "203(d)" and insert in lieu thereof "203(c)".

Mr. ROBERT C. BYRD. This is an amendment which will make some tech-

nical corrections in the amendment which I offered on yesterday, which was adopted, lowering the age for widows from 60 to 65, just to correct some clerical errors and to make some technical corrections.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

Mr. LONG. 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:

The section added at the end of part A of title IV of the Social Security Act by amendment No. 724, as modified, to this bill is amended by striking out "and provided" and inserting in lieu thereof "provided".

Such section is further amended by striking out "children aged ten" and inserting in lieu thereof "school-aged children".

Mr. LONG. Mr. President, this amendment simply corrects a drafting error.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, while we have enough Senators in the Chamber, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. 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 a third time.

The bill was read the third time.

Mr. HELMS. Mr. President, not many Senators will deny, in private, that this bill (H.R. 3153) is very bad legislation, completely unworthy of approval by this body. But because social security has become such a political football, there is a regrettable inclination to approve anything, no matter how bad it may be, if it bears the label of "increased social security benefits."

If this legislation were limited to senior citizens truly in need, Mr. President, I would have no reluctance in supporting it. In fact, I wish we could do far more for the truly needy among our senior citizens. This is the approach that ought to be taken. But it is not the one that has been taken in this legislation.

I wish the young people of America could understand what is being done to them—and to their rapidly diminishing hopes of security in their retirement years—by this legislation. But they will not understand, until it is too late.

The greatest favor we could do all our citizens would require this Senate to face up to inflation—and the root cause of inflation. Yesterday I tried to persuade this Senate to adopt the balanced-budget concept for the Federal Government.

My effort was unsuccessful—by a three-vote margin, 46 to 43.

One day the people will realize the folly of the fiscal irresponsibility that has led to inflation—thus heaping such misery upon our older citizens, such heavy taxes on our working people, and such a blight on the future of the young.

I wish I could, in good conscience, vote for this bill, I cannot, Mr. President. So I vote "no" in the hope that one day a sound social security program will be demanded by the Congress, and that it will no longer be a political football.

That will require, Mr. President, that Senators think of the next generation instead of the next election.

Mr. INOUE. Mr. President. I wish to express my deep personal gratitude and strong support for the efforts of the Finance Committee in reporting favorably, H.R. 3153, the social security bill. This important legislation would, among other things, raise the social security benefits by 11 percent in two steps.

Under the provisions of this bill the average old-age benefit payable for November would rise from \$166 to \$178 per month, and then to \$186 a month for June 1974. The average benefit for an aged couple would increase from \$276 to \$296 per month for November and to \$310 for June 1974. Average benefits for aged widows would increase from \$157 to \$169 for November to \$177 for June 1974. The minimum benefit would be increased from \$84.50 to \$90.50 a month for November thru May 1974, and to \$93.80 per month after May 1974. This increase will be extremely helpful and particularly so for the estimated 3.1 to 5 million of our citizens over 65 who are presently existing in poverty.

Additionally, the funds to pay for the increased benefits will be raised through making the social security tax more progressive, raising the ceiling on incomes taxable for social security purposes from the present \$12,600 to \$13,200 per year in 1974. In other words this increase is accomplished without increasing the tax on those making less than \$12,600 per year. I believe this is a salutary move.

The measure we are voting on today also increases the supplemental security payments to the aged, blind and disabled, from \$130 a month minimum for a single person to \$140 and for the married couple from \$195 to \$210 with a further increase in July of 1974 to \$146 and \$219 respectively.

H.R. 3153, as reported by the Finance Committee, includes a further new provision establishing a tax credit for low-income workers with families, equal to a percentage of the social security taxes paid where the income of the husband and wife does not exceed \$4,000 per year. This provision will further reduce the need for such families to rely on welfare payments.

All of us have personally experienced the unpleasant effects of recent and rapidly escalating living costs. However, none of us feels the pinch as deeply as our elderly citizens who must live on a minimum, fixed income. It is one thing for us to complain of the increasing cost of desired luxury items; it is quite another not to be able to buy sufficient

food, clothing, and shelter. Recent figures indicate that the elderly spend approximately 27 percent of their budget solely on food, in contrast to 16 percent for the total population. In Honolulu during the time period from September 1972 to September 1973, the cost of such staple items as eggs rose 50 percent, bacon 70 percent, and flour 23 percent. Housing recently hit an alltime high with the average house sold last year going for over \$80,000. Rents have also gone up accordingly in housing short Hawaii.

The elderly of our Nation constitute approximately 10 percent of our population. In a very real sense, they are responsible for all that we presently are. They fought for our freedoms, they built our factories, they have made America the great Nation that it is. Yet, today we are a youth-oriented culture. We speak with great pride of our youth—and deservedly so—but unfortunately, we have seemingly forgotten our elderly. No one will hire them—yet the evidence indicates that although a bit slower, they are still as competent as they ever were. Instead we have put them out to pasture, but at the same time, have not provided them with sufficient resources.

The young can dream of the day when things will be better. They can live on the promise and hope of improved income and living conditions, but for the old, they know that there is no such chance. They face the certainties of increased medical costs, increased food costs and increased taxes on their homes. Many are even forced to move from their home for which they had scrimped and saved for most of their working years. And this, at the very time they have the leisure to enjoy house and garden and neighbors and friends. This is the shame of our Nation—of our great Nation.

I am very pleased, therefore, to be able today to support this important legislation. It is one of the many steps that we as a Nation must take in responding to the very real needs of our elderly.

Mr. PELL. Mr. President, throughout the last 2 days as we have considered the Social Security Amendments of 1973, we have heard many eloquent statements regarding amendments to make this a strong and humane bill. I subscribe to each of those qualities, and I have tried to do my part in assuring that this bill will accomplish its goals so the senior citizens of this Nation may live in respect, dignity, and in decent circumstances.

I cannot stress enough, in this connection, the importance of this bill's 11-percent increase in social security benefits. There is no question in my mind of the necessity of this increase, or to be more precise of this measure to let our senior citizens "catch up" to a decent and well-deserved standard of living. It is my strong hope that whatever other sections of this bill finally become law, that the 11-percent increase be first among them.

Accordingly, I strongly support this bill.

Mr. NUNN. Mr. President, my remarks are addressed to the child support provisions of the social security amend-

ments presently being considered on the floor.

When I began my campaign for the U.S. Senate in January of 1972, one of the primary national issues I identified was the soaring welfare costs borne by taxpayers because of the staggering rise in the category of aid to families with dependent children. At that time the participants in this program constituted 70 percent of welfare recipients nationally.

This issue became an important plank in my platform, and I pledged to the people of Georgia that I would work for legislation that would check this growing disregard of parental responsibility in child support.

My conclusion was based in large part on: First, my study and review of the testimony given by witnesses in 1971 hearings before the Senate Committee on Finance; second, the many complaints I received from families unable, because of legal loopholes, to obtain essential parental support necessary to furnish children the bare essentials of life; third, my own personal experiences in domestic relations litigation in the general practice of law. During my service in the Senate, I have continued to receive complaints from many families who hope for a more effective procedure to require able parents to support their children and families.

After arriving in the Senate I learned that the Finance Committee, as a result of numerous hearings, had reported in late 1972 several of these child support proposals as amendments to H.R. 1 which was subsequently passed by the Senate. Unfortunately these amendments met determined opposition in the House and were defeated. I discussed this matter with Senator Long and expressed by intense interest in working with him toward passage of similar comprehensive legislation this year. He made available to me not only the research and work product of his committee but also considerable staff assistance.

The Senate is taking a significant step forward today. The passage of this legislation culminates a yearlong effort to sign a bill which would be acceptable to both Houses and the administration.

I am grateful for the wisdom and tenacity shown by Chairman Long and the other members of the Senate Finance Committee, as well as the professional staff of that committee, in arriving at a reasonable and acceptable vehicle to achieve this goal. I am pleased that the Senate has given this significant legislation its stamp of approval. This portion of the social security amendment represents a substantial step toward welfare reform.

Mr. BUCKLEY. Mr. President, a few weeks ago, at the time the pension bill was under consideration, I had occasion to express my concern that Members of the Senate were being asked to vote on a complex, far-reaching bill and on a blizzard of printed and unprinted amendments within just a few days of the time that the legislation and the accompanying report had become generally available. I said then that it was impossible, under the circumstances,

for any Senator not intimately associated with the development of the legislation to cast an informed judgment as to its merits, or assess the effect and cost of the amendments proposed.

Today we are debating social security legislation of great complexity that first became available to Members of the Senate and their staffs just 4 days ago. It incorporates 10 major provisions, some of which are completely novel. They initiate new programs that will have far-reaching effect on the country, and that many believe may threaten the integrity and solvency of the social security system itself.

Not only are we, as individual Senators, expected to master this bill during these few days while attending to all our other urgent Senate business, but we are also expected to digest the volume of amendments—more than 30 in number as of this moment—which keep cascading from the printer.

Mr. President, with every respect for the leadership, with every respect for the members and the chairman of the Finance Committee, I must state that we cannot responsibly legislate in this manner. The Senate has long since forfeited its once proud title of the world's greatest deliberative body.

Under the Circumstances, and after much thought, I have concluded that I cannot in good conscience vote for this legislation even though it incorporates a number of provisions that are necessary or desirable, and will help make the social security system more equitable. I am fully aware of the adverse political consequences of voting as I will, as the 11-percent increase in social security payments will bring vital relief to some of our citizens whose condition is most desperate, most pathetic. I am deeply troubled, Mr. President, over the fact that too many of our elderly citizens are forced to live such marginal existences, but I do not see any logic, other than political logic, in increasing the benefits paid to all social security recipients to help those who are in need. The increase which we will no doubt be enacting into law goes not only to the poor, the marginal citizen on welfare, but to all irrespective of need—to millions of our retired workers who are receiving comfortable pensions, who have their annuities, their savings, their securities; and in this indiscriminate approach to meeting the just needs of the aged, we are placing still another burden on the shoulders of those of working age who are already harried by excessive taxation.

It should be pointed out, Mr. President, that the 11-percent increase of which I speak does not constitute an adjustment to reflect the deterioration in the purchasing power of the dollar. We have already enacted, and I fully supported, legislation that provides for an automatic increase in the social security payments to offset the effects of inflation.

These cost-of-living increases are just not proper. The Federal Government requires each working man and woman covered by the program to set aside a portion of earnings in order to fund retirement income. Yet it is the Federal

Government through its extravagances that causes the inflation that has eroded so much of the purchasing power out of the savings and insurance policies and pensions of those who can no longer work. The Federal Government, therefore, must assume the obligation to protect the purchasing power of social security payments. More than that, I recognize that the cost of living index now utilized is inadequate to meet the needs of the aged. The reason for this is that the cost of living index now being utilized is designed to anticipate and measure the average cost experience of an American family which must take into consideration clothing for children, food for families, and a host of other items that are irrelevant in measuring the needs and, therefore, the true cost experience of the elderly. It is for this reason that I introduced an amendment to the bill to provide for the creation of a cost of living index for the aged that can act as an accurate basis for future escalations in social security payments.

One final observation, Mr. President. Perhaps the single greatest enemy of those who can no longer earn their living is inflation. Since 1960, inflation has robbed the savings and pensions of the elderly of 33.9 percent of their real value. Those who had worked hard and thought they were prudently providing for their old age have been forced, by inflation, to sell their homes, to give up even little luxuries, and live marginal lives.

The Federal extravagance to which we have become accustomed has been the major enemy of our older citizens because of the inflationary forces it has generated. It is, therefore, ironic that in this legislation that is designed to protect recipients, so many provisions that will only add to inflationary pressures.

Mr. President, no political consideration in the world is going to make me vote to support a measure that, like this one, will in the long run have the effect of harming those on fixed incomes. No political consideration will force me to vote for a complex bill if I have not been given ample time to study it. The people of New York did not send me to this body in order to vote without thinking or to vote for noble sounding bills that, upon even cursory examination, simply will not in the long run do what they promise to do.

What is at stake here is more than a vote on this bill. What is at stake is the very reason for the being of the Senate. We are here to deliberate, to study and then to legislate. We are here to examine carefully every subject that is brought before us. That is what the American people suppose we are doing and that is what they should expect us to be doing. But we are not. We are throwing around costly, inflation-creating amendments and provisions as if there were no tomorrow. Well, Mr. President, there is a tomorrow and a tomorrow and a tomorrow. And it is the elderly, the sick, and the retiree on fixed incomes who have to live in those inflation-ridden tomorrows.

Mr. President, the needy will not benefit by inflation. The country will not benefit by provisions and amendments conceived in haste and passed without

adequate examination. Therefore, Mr. President, today I am going to in effect vote for the needs of all Americans, including most specifically the elderly whom this bill is supposed to help by voting against this social security bill.

#### SOCIAL SECURITY COVERAGE FOR KIDNEY DISEASE

Mr. JACKSON. Mr. President, over a year ago we passed amendments to the Social Security Act which provided that those persons who required kidney dialysis treatment or transplants would be covered for a major part of their care. In the State of Washington, we know what can be accomplished with good care for kidney patients. The Spokane and Inland Empire Kidney Center and the Northwest Kidney Center, which incidentally as the first such kidney center in the world, beginning its operation in 1962, both give outstanding service. I had hoped that last year's amendments would give to all kidney patients the opportunity for the kind of care that is delivered in Washington.

Unhappily, this program has not really gotten off the ground. There are a large number of patients waiting to go on dialysis but cannot because facilities are not available to them, and there are others who are now in hospitals on dialysis treatment who would be able to undergo home treatment but who cannot, because the administration has not yet worked out the regulations for payment for treatment.

Consequently, the thousands of dollars of savings, much less the savings in pain and frustration, that would come from home treatment instead of hospital treatment are being lost.

In addition, the large number of physicians who treat these patients, especially the nephrologists who have such treatment as their medical specialty, are totally confused by the administration's inaction. Many have developed new centers which are now ready to receive patients, in areas of great need for such services, but the guidelines and forms for exemptions to initial guidelines have not yet been published, even though they were promised months ago.

Many physicians have not been paid for their services for months; many hospitals in which they serve have not been reimbursed for months; many physicians cannot put their patients on home care therapy because they are uncertain whether these patients will in fact have their care paid for, and the physicians do not want their patients to suffer great economic loss.

The manufacturers and service companies dealing with the equipment required find things difficult, because questions of reimbursement for basic and replacement equipment for dialysis are not yet settled, nor is the question of how home care equipment will be paid for.

Still further, I am informed that since the date of effectiveness of the new law, the insurance groups heretofore paying for some of the services have ceased to do so, on the grounds that payment would be made under the new law. Private insurance, Blue Cross-Blue Shield, and medicare-medicaid all have slowed down payments, and the patients, doc-

tors, and manufacturers are all being hurt.

Obviously, there is a big bureaucratic snafu in HEW regarding these regulations. Probably there is no one Senator who has not received complaints about late program guidelines and regulations. I do not know just why the program is slowed down, but I do hope that the chairman of the Finance Committee will raise the appropriate questions and prod the agencies to get moving.

#### THE INCREASE OF SOCIAL SECURITY BENEFITS

Mr. BEALL. Mr. President, during my 3 years in the U.S. Senate, it has been my pleasure to serve as the ranking minority member on the Labor and Public Welfare Committee's Subcommittee on Aging. Last January, I became a member of the Special Committee on Aging, and have followed with great interest developments in all aspects of Federal policy which affects our Nation's senior citizens.

Mr. President, I have a special interest in, and concern for, the well-being of our 20 million senior citizens. I have consistently contended that America's elderly citizens deserve a great deal more attention than they have previously received. I, for one, hold our Nation's senior citizens in a position of great respect, for they have toiled long and hard in our Nation's factories, farms, armed services, and so forth; and they have earned the right to live their retirement years in security, dignity, and independence. We owe these senior Americans a debt of gratitude, for they are primarily responsible for the prosperity and the greatness that our Nation enjoys today.

Through their efforts and sacrifices, our Nation has reached unprecedented heights of economic prosperity, met the challenge of foreign aggressors, and created for all Americans a society dedicated to the full realization of the goals of our Nation's forefathers.

I have also been impressed by the willingness and resourcefulness of our Nation's senior citizens to utilize their own talents and resources in overcoming the problems that confront them. The social security system is a vital part of the Federal effort to insure the economic security of our 20 million older Americans.

Certainly no problem is more important to older Americans than the adequacy of their income. At the present time, the social security system makes payments totaling \$41 billion a year to retired citizens, widows, and the disabled. An additional \$8 billion a year is paid out in the form of other Federal retirement benefits, \$3 billion a year in public assistance benefits for senior citizens, and the medicare-medicaid programs total approximately \$12 billion worth of benefits. In fiscal year 1974, \$63.5 billion, approximately one-fourth of the total Federal budget, is devoted to meeting the needs of our Nation's senior citizens.

The recent increases in the cost of living have fallen most heavily upon those Americans who live on a fixed income. H.R. 3153 replaces the 5.9 percent increase that was enacted last June and is scheduled to become effective in July of

1974. In its place this legislation provides for a 2-step increase totaling 11 percent. The first increase of 7 percent will take effect upon the enactment of this bill. The remaining 4 percent benefit increase will take effect next June. This legislation will raise the average monthly payment approximately \$12 for an individual and approximately \$20 for a couple.

It also modifies the automatic cost of living benefit increase procedure which takes effect in 1974, and will assure beneficiaries that their income is inflation proof. The modification reduces from 7 months to 3 months the gap between determining the benefit increase and its effective date. The Finance Committee has also provided that recipients of veterans pensions will not have those benefits reduced as a result of this 11-percent increase.

Mr. President, H.R. 3153 also provides for an increase in the social security tax base from \$12,600 to \$13,200. The tax rate will remain unchanged. Earlier this year, I worked on legislation designed to overhaul and strengthen the railroad retirement system. Congress had given very generous increases in railroad retirement benefits in recent years without providing for any mechanism to pay for these benefits. The result is a nearly bankrupt system that jeopardizes the retirement well-being of approximately 1 million Americans.

It is often easy for the Congress to increase benefits to people who deserve them. But it is more politically difficult for us to provide the tax increases that are needed to insure that the social security trust fund will be able to meet its obligation next year, in 5 years, in 10 years, and so on into the future. I realize that this is not a popular position for us to take and I commend the Finance Committee for providing a mechanism in this bill to pay for the increases we are granting. We, as responsible legislators, owe it to the senior citizens of this Nation, and to all the people who at some future date will draw upon the resources of the social security system, to guarantee that we will do everything we can to see that the social security trust fund will be able to deliver on all the benefits our citizens are promised.

#### FOOD STAMP ELIGIBILITY FOR SSI RECIPIENTS

Mr. EAGLETON. Mr. President, I commend the Senator from Louisiana and other members of the Committee on Finance for including in H.R. 3153 provisions which restore the eligibility of aged, blind, and disabled recipients of supplemental security income to participate in the food stamp and food distribution programs.

Under the committee bill, SSI recipients would be eligible to participate in these food assistance programs if they meet the appropriate income eligibility standards.

Those States which have already made plans to "cash out" food stamps for SSI recipients would be permitted to do so during a transition period ending July 1, 1975. During that time, SSI recipients in those States would be ineligible for food assistance.

In my view, the committee provisions

are eminently fair and reasonable. They meet the objectives of the legislation (S. 255) introduced by myself and 21 other Senators early this year.

It is my hope that the conferees on this bill will agree that eligibility for food stamps should not turn on whether one is or is not an SSI recipient but simply on whether the individual meets the eligibility criteria of the food stamp program.

#### REIMBURSEMENT OF HEALTH MAINTENANCE ORGANIZATIONS UNDER MEDICAID AS PROPOSED IN SECTION 172 OF H.R. 3153

Mr. KENNEDY. Mr. President, the bill pending before us would require that methods similar to those for reimbursing health maintenance organizations established last year for medicare be extended to health maintenance organizations which have contracts with State government for serving medicaid recipients. In extending the medicare requirements to medicaid, the Finance Committee has recognized some of the special problems of institutions serving the poor and incorporated exceptions and the possibility of waivers responsive to these needs. The Finance Committee indicates their purpose is to assure that quality services are rendered by institutions receiving State and Federal reimbursement under medicaid.

While I understand and concur with the committee's objective in this regard, I have grave reservations concerning their method.

The Subcommittee on Health of the Labor and Public Welfare Committee has held extensive hearings on health maintenance organizations and on quality assurance mechanisms in HMO's, and in the health field in general.

Yesterday, the committee completed a lengthy conference with the House committee on a bill designed to encourage the initiation of new health maintenance organizations across the country. The bill also includes quality standards and provisions intended to examine current quality assurance procedures both in the HMO field and in the traditional system.

Based on our hearings and experience, it is not clear to us that the method for reimbursing HMO's prescribed under medicare will either serve as an incentive to organizations to provide this form of health care or contains adequate protections against poor quality health services.

Unfortunately, the Department of Health, Education, and Welfare has not yet issued regulations implementing these reimbursement procedures passed last year in H.R. 1. Therefore, we do not have an accurate picture of how many health service organizations will offer services to the elderly on a prepaid basis under the medicare procedures. However, the leading HMO's in the Nation have expressed deep concern that the provisions under medicare will not work—either for the purpose of attracting institutions to serve the elderly on a prepaid basis, or for assuring high quality services.

Given the ambiguity of the evidence of these medicare provisions, and the disagreement of those in the field concerning their workability, I have grave res-

ervations about extending them to medicaid as well. The exceptions and waivers incorporated in the committee's proposal do alleviate some of the anticipated problems with the provisions, but they do not address the central problems with the medicare reimbursement procedures.

Further, many States have already entered into contracts with health services institutions to offer prepaid health services to the poor. These contracts vary, and there is evidence that some of the institutions are not taking adequate measures to assure the quality of the services delivered by the contractors. On the other hand, there are some State arrangements with health service institutions that seem to hold promise. The extension of medicare requirements to medicaid will require the States to change or terminate these contracts effective June 30, 1974.

I am concerned that the overall effect of these medicare provisions will be to slow down a movement which the Congress should be encouraging in this country. They may, in the process, fail to assure the quality of services which the provisions are intended to safeguard.

However, all of the evidence is not in and I am, for that reason, reluctant to challenge the Finance Committee's intent to require one set of requirements for both medicare and medicaid. On the other hand, the Congress must watch the effect of these provisions very closely and be prepared to make appropriate changes in the procedures when we do have better evidence of their effectiveness. My committee will be working further on HMO's in the coming year, and I propose to make recommendations to the Finance Committee and to the Senate in these areas as the year progresses.

Mr. HANSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BURDICK). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. THURMOND (when his name was called). Present.

Mr. TOWER (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished Senator from Arkansas (Mr. FULBRIGHT). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Iowa (Mr. HUGHES) the Senator from Wyoming (Mr. MCGEE), the Senator

from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan (Mr. HART), and the Senator from Louisiana (Mr. JOHNSTON) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from INDIANA (Mr. HARTKE), the Senator from Wyoming (Mr. MCGEE), and the Senator from Missouri (Mr. SYMINGTON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senators from Oklahoma (Mr. BARTLETT and Mr. BELLMON), the Senator from Utah (Mr. BENNETT), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The Senator from Idaho (Mr. MCCLURE) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

Also, the Senator from New York (Mr. JAVITS) and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOLDWATER) is absent by leave of the Senate on official business.

If present and voting, the Senator from New York (Mr. JAVITS) would vote "yea."

The result was announced—yeas 66, nays 8, as follows:

[No. 540 Leg.]

YEAS—66

Abourezk	Fong	Pastore
Aiken	Gravel	Pearson
Allen	Griffin	Pell
Bayh	Gurney	Percy
Beall	Hatfield	Proxmire
Bentsen	Hathaway	Randolph
Bible	Hollings	Ribicoff
Biden	Hruska	Schweiker
Brook	Huddleston	Scott, Hugh
Brooke	Humphrey	Scott,
Burdick	Inouye	William L.
Byrd, Robert C.	Jackson	Sparkman
Cannon	Kennedy	Stafford
Case	Long	Stevens
Church	Magnuson	Stevenson
Clark	Mansfield	Taft
Cook	McClellan	Talmadge
Cranston	McIntyre	Tunney
Dole	Mondale	Weicker
Domenici	Moss	Williams
Dominick	Muskie	Young
Eagleton	Nelson	
Eastland	Nunn	

NAYS—8

Buckley	Curtis	Hansen
Byrd,	Ervin	Helms
Harry F., Jr.	Fannin	Roth

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Tower, against.

ANSWERED PRESENT—1

Thurmond

NOT VOTING—24

Baker	Hart	McGee
Bartlett	Hartke	McGovern
Bellmon	Haskell	Metcalf
Bennett	Hughes	Montoya
Chiles	Javits	Packwood
Cotton	Johnston	Saxbe
Fulbright	Mathias	Stennis
Goldwater	McClure	Symington

So the bill (H.R. 3153) was passed.

The title was amended, so as to read: "An Act to amend the Social Security Act, and for other purposes."

Mr. THURMOND. Mr. President, I voted "present" on this bill because it contains a provision which would lower from age 72 to 70 the age of applicability of the "earned income" limitation, and I would be personally affected by this provision.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. 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 the bill (H.R. 3153) be printed with the amendments of the Senate numbered, and that in the engrossment of the amendments of the Senate 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, et cetera, 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 amendment to the bill (H.R. 3153) and ask for a conference with the House thereon, and that the Chair 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. MONDALE, Mr. BENNETT, Mr. CURTIS, and Mr. FANNIN conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator from Louisiana for doing his usual skillful managerial job on a most difficult piece of legislation. All I can say is that, speaking personally, I am glad I am not in his shoes because this is a most difficult committee to chair and this piece of legislation which the Senate has just agreed to, is one of the most difficult to manage through this Chamber.

When one considers all the amendments which have been offered today and one becomes aware of the skill, the knowledge, and the maneuverability of the distinguished Senator, one cannot help but admire him, and I want to commend him for a job well done, which is usual.





# H. R. 3153

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 30, 1973

Ordered to be printed with the amendments of the Senate

[Strike out all after the enacting clause and insert the part printed in italic]

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## AN ACT

To amend the Social Security Act to make certain technical and conforming changes.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 ~~That section 228(d)(1) of the Social Security Act is~~  
4 ~~amended by inserting "or supplemental security income bene-~~  
5 ~~fits under title XVI (as in effect after December 31, 1973),"~~  
6 ~~after "IV,".~~

7       SEC. 2. Title XI of the Social Security Act is amended—  
8           (1) (A) by striking out "I," "X," "XIV," and  
9           "XVI," in section 1101(a)(1), and  
10          (B) by adding at the end of section 1101(a)(1) the  
11          following new sentence: "In the case of Puerto Rico,

1 the Virgin Islands, and Guam, titles I, X, and XIV, and  
 2 title XVI as in effect without regard to the amendment  
 3 made by section 301 of the Social Security Amendments  
 4 of 1972, shall continue to apply, and the term 'State'  
 5 when used in such titles (but not in title XVI as in effect  
 6 pursuant to such amendment after December 31, 1973)  
 7 includes Puerto Rico, the Virgin Islands, and Guam.”;

8 (2) by striking out “I, X, XIV, XVI,” in section  
 9 1103 and inserting in lieu thereof “XVI”;

10 (3) by striking out “I, X, XIV, and” in section  
 11 1111;

12 (4) (A) by striking out “I, X, XIV, XVI,” in the  
 13 matter preceding clause (a) in section 1115, and insert-  
 14 ing in lieu thereof “VI, XVI,”

15 (B) by striking out “section 2, 402, 1002, 1402,  
 16 1602, or” in clause (a) of such section and inserting in  
 17 lieu thereof “title VI, part A of title IV, or section”,  
 18 and

19 (C) by striking out “3, 403, 1003, 1403, 1603,”  
 20 in clause (b) of such section and inserting in lieu thereof  
 21 “403, 603,”;

22 (5) (A) by striking out “I, X, XVI, XIV,” in  
 23 subsections (a) (1), (b), and (d) of section 1116, and  
 24 inserting in lieu thereof “VI”, and

25 (B) by striking out “4, 404, 1004, 1404, 1604,”

1 in subsection ~~(a)(3)~~ of such section and inserting in  
2 lieu thereof "404, 604"; and

3 ~~(6)(A)~~ by striking out "aid or assistance, other  
4 than medical assistance to the aged, under a State plan  
5 approved under title I, X, XIV, or XVI, or" in  
6 section 1119 and inserting in lieu thereof "aid or  
7 assistance under a State plan approved under", and

8 ~~(B)~~ by striking out "~~3(a), 403(a), 1003(a),~~  
9 ~~1403(a), or 1603(a)~~" in such section and inserting  
10 in lieu thereof "~~403(a)~~".

11 SEC. 3. ~~(a)~~ Section 1843 ~~(b)(2)~~ of the Social Security  
12 Act is amended by adding at the end thereof the following:  
13 "Effective January 1, 1974, and subject to section 1902 ~~(c)~~,  
14 the Secretary at the request of any State shall, notwithstand-  
15 ing the repeal of titles I, X, and XIV by section 303 ~~(a)~~ of  
16 the Social Security Amendments of 1972 and the amend-  
17 ments made to title XVI by section 301 of such amend-  
18 ments, continue in effect the agreement entered into under  
19 this section with such State insofar as it includes individuals  
20 who are eligible to receive benefits under part A of title IV,  
21 or supplementary security income benefits under title XVI  
22 ~~(as in effect after December 31, 1973)~~, or are otherwise  
23 eligible to receive medical assistance under the plan of such  
24 State approved under title XIX. The provisions of subsec-  
25 tion ~~(h)(2)~~ of this section as in effect before the effective

1 date of the repeals and amendments referred to in the pre-  
 2 ceding sentence shall continue to apply with respect to in-  
 3 dividuals included in any such agreement after such date.”

4 ~~(b)~~ Section 1843(c) of such Act is amended by strik-  
 5 ing out the semicolon and all that follows and inserting in  
 6 lieu thereof a period.

7 ~~(c)~~ Section 1843(d)(3) of such Act is amended to  
 8 read as follows:

9 “~~(3)~~ his coverage period attributable to the agree-  
 10 ment with the State under this section shall end on the  
 11 last day of any month in which he is determined by  
 12 the State agency to have become ineligible for medical  
 13 assistance.”

14 ~~(d)~~ Section 1843(f) of such Act is amended—

15 ~~(1)~~ by inserting “or receiving supplemental secu-  
 16 rity income benefits under title XVI (as in effect after  
 17 December 31, 1973), “after IV,”;

18 ~~(2)~~ by striking out “if the agreement entered into  
 19 under this section so provides,”;

20 ~~(3)~~ by striking out “I, XVI, or”; and

21 ~~(4)~~ by striking out “individuals receiving money  
 22 payments under plans of the State approved under titles  
 23 I, X, XIV, and XVI, and part A of title IV, and”;

24 SEC. 4. ~~(a)~~ Title XIX of the Social Security Act is  
 25 amended—

1           ~~(1)~~ by striking out “permanently and totally” in  
2 clause ~~(1)~~ of the first sentence of section 1901;

3           ~~(2)~~ by striking out “, except that the determina-  
4 tion of eligibility for medical assistance under the plan  
5 shall be made by the State or local agency administering  
6 the State plan approved under title I or XVI (insofar as  
7 it relates to the aged)” in section 1902(a)(5);

8           ~~(3)(A)~~ by inserting after “title IV” in section  
9 1902(a)(10) the following: “, or who are receiving a  
10 supplemental security income payment under title XVI  
11 (as in effect after December 31, 1973) and who would  
12 except for such payment, be eligible for such medical  
13 assistance under the State plan or who would have been  
14 eligible for such medical assistance under the medical  
15 assistance standard as in effect on January 1, 1972 (ex-  
16 cept that in determining income for this purpose, ex-  
17 penses incurred for medical care must be deducted)”;

18           ~~(B)~~ by striking out “not receiving aid or assistance  
19 under any such plan” in subparagraph ~~(A)(ii)~~ of such  
20 section and inserting in lieu thereof “pursuant to sub-  
21 paragraph ~~(B)(ii)~~”;

22           ~~(C)~~ by inserting after “Secretary” in subparagraph  
23 ~~(B)~~ of such section “or who are individuals receiving  
24 supplemental security income benefits under title XVI  
25 (as in effect after December 31, 1973) (which for

1 the purposes of this subparagraph shall be considered  
 2 to be a State plan) but who are not eligible under sub-  
 3 paragraph (A)";

4 (D) by inserting after "State plan" in subpara-  
 5 graph (B)(i) of such section "or who are receiving a  
 6 supplemental security income payment under title XVI  
 7 (as in effect that December 31, 1973) and who would,  
 8 except for such payment, be eligible for medical assist-  
 9 ance under the State plan," and

10 (E) by striking out "not receiving aid or assistance  
 11 under any such State plan" in subparagraph (B)(ii)  
 12 of such section and inserting in lieu thereof "under clause  
 13 (i) of this subparagraph";

14 (4) by inserting after "IV," in section 1902(a)  
 15 (13)(B) the following: "who are described in para-  
 16 graph (10) with respect to whom medical assistance  
 17 must be made available,";

18 (5)(A) by inserting after "appropriate," in section  
 19 1902(a)(14)(A) the following: "or, after December  
 20 31, 1973, are required to be covered under section 1902  
 21 (a)(10)(A) or who meet the income and resources  
 22 requirement as specified in such section," and

23 (B) by inserting after "appropriate" in subpara-  
 24 graph (B) of such section the following: "or who, after  
 25 December 31, 1973, are included under the State plan

1 approved under title ~~XIX~~ pursuant to paragraph ~~(10)~~  
2 ~~(B)~~,”;

3 ~~(6)(A)~~ by striking out “who are not receiving aid  
4 or assistance under the State’s plan approved under  
5 title I, X, XIV, or XVI, or part A of title IV,” in  
6 the portion of section ~~1902(a)(17)~~ which precedes  
7 clause ~~(A)~~ and inserting in lieu thereof “other than  
8 those described in paragraph ~~(10)~~ with respect to whom  
9 medical assistance must be made available,” and

10 ~~(B)~~ by striking out “permanently and totally” in  
11 clause ~~(D)~~ of such section;

12 ~~(7)~~ by striking out “permanently and totally” in  
13 section ~~1902(a)(18)~~;

14 ~~(8)~~ by striking out “referred to in section ~~3(a)~~  
15 ~~(4)(A)(i)~~ and ~~(ii)~~ or section ~~1603(a)(4)(A)(i)~~  
16 and ~~(ii)~~” in section ~~1902(a)(20)(C)~~ and inserting  
17 in lieu thereof “which the State agency administering  
18 the plan approved under title XVI determines to make  
19 available or, after December 31, 1973, which the agency  
20 administering the program of supplemental security in-  
21 come benefits under title XVI (as in effect after De-  
22 cember 31, 1973) determines to make available”;

23 ~~(9)~~ by striking out “money payments” in section  
24 ~~1903(a)(1)~~ and inserting in lieu thereof “aid or assist-  
25 ance”, and by inserting “; or supplemental security in-

1 come benefits under title ~~XVI~~ of such Act (as in effect  
 2 after December 31, 1973),” in such section after “title  
 3 IV”;

4 ~~(10)~~ by striking out section 1903(c);

5 ~~(11)~~ by inserting after “title IV,” in section  
 6 1903(f)(4)(A) the following: “or supplemental se-  
 7 curity income benefits under the title XVI of such Act  
 8 (as in effect after December 31, 1973),”; and

9 ~~(12)(A)~~ by inserting after “title IV,” in the mat-  
 10 ter preceding clause (i) in section 1905(a) the follow-  
 11 ing: “or supplemental security income benefits under  
 12 title XVI of such Act (as in effect after December 31,  
 13 1973),”;

14 ~~(B)~~ by striking out clauses (iv) and (v) of such  
 15 section and inserting in lieu thereof the following:

16 “~~(iv)~~ blind as defined in section 1614(a)(2),

17 “~~(v)~~ 18 years of age or older and disabled as de-  
 18 fined in section 1614(a)(3), or”;

19 ~~(C)~~ by inserting after “XVI,” in clause (vi) of  
 20 such section “or supplemental security income benefits  
 21 under title XVI (as in effect after December 31,  
 22 1973),”; and

23 ~~(D)~~ by striking out “or XVI” in the second  
 24 sentence of such section and inserting in lieu thereof



1       “~~or supplemental security income benefits under title~~  
2       ~~XVI (as in effect after December 31, 1973),”~~”

3       ~~(b) Section 1902 (f) of such Act is amended by inserting~~  
4       ~~“supplemental security income payment under title XVI~~  
5       ~~and” after “such individual’s.”~~

6       **SEC. 5.** The amendments made by this Act shall become  
7       effective January 1, 1974; except that such amendments  
8       ~~(other than the amendment made by section 2(1)(B)) shall~~  
9       ~~not be applicable in the case of Puerto Rico, Guam, and the~~  
10      ~~Virgin Islands.~~

11      *That this Act, with the following table of contents, may be*  
12      *cited as the “Social Security Amendments of 1973”.*

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1           (2) in subsection (a)(2), by striking out “after  
2           May 1974 and prior to January 1975, and, in the case  
3           of lump-sum death payments under such title, only with  
4           respect to deaths which occur after May 1974 and prior  
5           to January 1975” and inserting in lieu thereof “with  
6           respect to which this section is effective, and, in the case  
7           of lump-sum death payments under such title, only with  
8           respect to deaths which occur in months with respect to  
9           which this section is effective”,

10           (3) in subsection (b), by striking out “based on the  
11           increase in the Consumer Price Index described in sub-  
12           section (a)” and inserting in lieu thereof “7 per centum”,  
13           and

14           (4) in subsection (c)(2), by striking out “(except for  
15           purposes of section 203(a)(2) of such Act, as in effect  
16           after May 1974)” and inserting in lieu thereof “(except  
17           for purposes of section 203(a) of such Act, as in effect  
18           after December 1973, which section (as so in effect)  
19           shall, for purposes of the increase in social security  
20           benefits provided by this section, be deemed to be in  
21           effect for and after the first month with respect to which  
22           such increase is effective)”.

23           (b) Section 201 of Public Law 93-66 is further amended  
24           by adding at the end thereof the following new subsection:

25           “(e) For purposes of subsection (a)(2), this section  
26           is effective with respect to the month in which this subsection



1 is enacted and for each month thereafter which begins prior  
 2 to June 1974.”

3 **ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY**  
 4 **BENEFITS**

5 **SEC. 102. (a) Section 215(a) of the Social Security**  
 6 **Act is amended by striking out the table and inserting in lieu**  
 7 **thereof the following:**

**“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
 MAXIMUM FAMILY BENEFITS**

“I (Primary insurance benefit under 1959 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	\$64.50	-----	\$76	\$93.80	\$140.80
\$16.21	16.24	65.80	-----	77	95.30	143.00
16.25	17.00	67.80	-----	79	97.60	145.30
17.01	18.40	69.40	-----	81	99.30	149.00
18.41	19.24	71.00	-----	82	101.10	151.70
19.25	20.00	72.90	-----	84	103.20	154.80
20.01	20.84	74.60	-----	86	105.10	157.70
20.85	21.68	76.20	-----	88	108.00	160.20
21.29	21.88	78.10	-----	90	108.90	163.40
21.89	22.88	79.80	-----	91	110.80	166.20
22.29	22.88	101.40	-----	93	112.60	169.00
22.69	23.08	103.00	-----	95	114.40	171.60
23.09	23.44	104.90	-----	97	116.20	174.80
23.45	23.76	106.70	-----	98	118.00	177.80
23.77	24.20	108.80	-----	100	120.80	181.20
24.21	24.60	110.30	-----	102	122.60	183.80
24.61	25.00	112.10	-----	103	124.60	186.80
25.01	25.48	114.20	-----	105	125.80	190.20
25.49	25.88	116.00	-----	107	128.80	193.20
25.88	26.40	117.90	-----	108	129.80	196.40
26.41	26.84	119.70	-----	109	130.80	199.40
26.85	27.48	121.40	-----	110	132.80	202.20
27.47	28.00	123.30	-----	111	134.80	205.40
28.01	28.68	125.10	-----	112	136.80	208.40
28.69	29.25	127.10	-----	113	138.80	211.70
29.28	29.68	128.80	-----	114	140.80	214.60
29.69	30.56	130.50	-----	115	142.80	217.40
30.37	30.98	132.60	-----	116	144.80	220.70
30.98	31.68	134.80	-----	117	147.10	223.70
31.37	32.00	136.00	-----	118	149.10	226.60
32.01	32.60	138.00	-----	119	151.00	229.60
32.81	33.20	139.70	-----	120	153.20	232.70
33.21	33.88	141.60	-----	121	155.10	235.80
33.89	34.60	143.40	-----	122	157.20	238.90
34.51	35.00	145.20	-----	123	159.20	241.80
35.01	35.80	147.20	-----	124	161.20	245.10
35.81	36.40	148.80	-----	125	163.20	247.80
36.41	37.08	150.90	-----	126	165.20	251.40
37.09	37.60	152.70	-----	127	167.60	254.40
37.61	38.20	154.40	-----	128	171.40	257.10
38.21	39.18	156.40	-----	129	173.70	260.60
39.13	39.68	158.20	-----	130	176.70	263.60
39.69	40.33	159.80	-----	131	177.40	266.10
40.34	41.18	161.60	-----	132	179.60	269.40
41.13	41.78	163.60	-----	133	181.60	272.40
41.77	42.44	165.60	-----	134	183.80	275.70
42.45	43.20	167.30	-----	135	186.80	278.70

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I  (Primary insurance benefit under 1959 Act, as modified)		II  (Primary insurance amount effective for September 1978)	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—		
45. 51	45. 76	169. 40	256	259	169. 10	295. 50
45. 77	44. 44	171. 00	240	244	169. 50	295. 50
44. 46	44. 88	172. 70	246	249	181. 70	295. 10
44. 89	46. 60	174. 80	250	253	184. 10	295. 50
		176. 60	254	258	183. 10	309. 60
		178. 10	259	263	187. 70	305. 40
		180. 20	264	267	200. 10	315. 10
		182. 00	268	272	202. 10	318. 00
		183. 60	273	277	204. 50	324. 50
		186. 70	278	281	208. 50	326. 50
		187. 60	282	283	208. 50	335. 40
		189. 60	287	291	210. 40	341. 30
		181. 10	292	295	212. 50	345. 50
		183. 10	293	300	214. 40	351. 70
		184. 60	301	305	216. 40	357. 60
		186. 60	303	309	218. 50	362. 40
		188. 60	310	314	220. 50	368. 50
		200. 30	315	319	222. 40	374. 10
		202. 00	320	323	224. 50	378. 50
		204. 00	324	328	226. 50	384. 70
		205. 50	329	333	228. 50	390. 50
		207. 60	334	337	230. 50	395. 50
		209. 40	335	342	232. 50	401. 00
		211. 80	343	347	234. 50	406. 50
		213. 30	348	351	236. 50	411. 50
		216. 00	352	353	238. 70	417. 40
		217. 00	357	351	240. 50	423. 30
		218. 70	362	355	242. 50	429. 00
		220. 40	368	370	244. 70	433. 50
		222. 40	371	375	246. 50	439. 60
		224. 20	378	379	248. 50	444. 60
		226. 20	380	384	251. 10	450. 30
		227. 60	385	389	252. 50	456. 10
		229. 60	390	393	254. 50	460. 50
		231. 60	394	398	257. 10	466. 70
		233. 30	399	403	259. 00	472. 50
		235. 40	404	407	261. 30	477. 50
		236. 50	408	412	263. 00	483. 10
		238. 60	413	417	264. 50	488. 50
		240. 30	418	421	266. 50	493. 00
		242. 30	422	423	268. 50	499. 40
		244. 30	427	431	270. 70	505. 30
		246. 40	432	438	272. 40	511. 20
		247. 40	437	440	274. 70	515. 50
		248. 60	441	445	276. 30	519. 50
		250. 60	448	450	278. 50	519. 40
		252. 60	451	454	280. 50	521. 70
		254. 10	455	459	282. 10	524. 00
		256. 60	460	464	284. 00	527. 50
		257. 40	465	468	285. 50	530. 00
		259. 40	469	473	288. 00	532. 50
		260. 50	474	478	289. 50	535. 50
		262. 60	478	482	291. 50	538. 70
		264. 60	483	487	293. 50	541. 50
		266. 10	488	492	295. 40	544. 10
		267. 20	493	493	297. 50	548. 40
		269. 70	497	501	299. 40	549. 70
		271. 50	502	503	301. 10	552. 50
		272. 50	507	510	303. 00	554. 60
		274. 60	511	515	304. 50	557. 50
		276. 40	516	520	306. 50	560. 50
		278. 10	521	525	308. 70	563. 70
		279. 50	525	529	310. 50	566. 70
		281. 70	530	534	312. 70	568. 50
		283. 20	535	539	314. 40	571. 00
		284. 60	539	543	316. 50	573. 50
		286. 60	544	548	318. 40	576. 50
		288. 40	549	553	320. 50	579. 50
		290. 10	554	558	322. 10	581. 50
		291. 50	557	560	323. 50	583. 00
		293. 10	561	563	325. 40	585. 70
		294. 60	565	567	327. 10	588. 00
		296. 20	568	570	328. 50	589. 50
		297. 60	571	574	330. 40	592. 00
		299. 20	575	577	332. 50	595. 50

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

I  (Primary insurance benefit under 1959 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—		
		\$00.60	578	581	\$33.70	588.10
		\$02.20	582	584	\$35.60	597.80
		\$03.60	583	585	\$37.00	600.30
		\$05.50	589	591	\$38.80	602.00
		\$06.80	592	595	\$40.60	604.40
		\$08.30	596	598	\$42.30	606.10
		\$09.80	599	602	\$43.90	608.80
		\$11.30	603	605	\$45.60	610.30
		\$12.80	606	609	\$47.30	612.60
		\$14.40	610	612	\$49.00	614.40
		\$16.00	613	616	\$50.70	616.70
		\$17.40	617	620	\$52.40	619.10
		\$18.90	621	623	\$54.00	620.80
		\$20.40	624	627	\$55.70	623.30
		\$21.90	628	630	\$57.40	625.80
		\$23.40	631	634	\$59.00	628.40
		\$25.00	635	637	\$60.80	631.30
		\$26.00	638	641	\$62.60	634.40
		\$28.00	642	644	\$64.10	637.20
		\$29.60	645	648	\$65.90	640.30
		\$31.00	649	652	\$67.60	643.10
		\$32.00	653	656	\$69.60	646.00
		\$32.80	657	660	\$69.60	648.70
		\$34.10	661	665	\$70.90	649.10
		\$35.30	666	670	\$72.20	651.40
		\$36.60	671	675	\$73.60	653.70
		\$37.70	676	680	\$74.90	656.10
		\$38.90	681	685	\$76.20	658.40
		\$40.10	686	690	\$77.60	660.70
		\$41.30	691	695	\$78.90	663.10
		\$42.60	696	700	\$80.20	665.40
		\$43.70	701	705	\$81.60	667.70
		\$44.90	706	710	\$83.00	670.00
		\$46.10	711	715	\$84.20	672.40
		\$47.30	716	720	\$85.60	674.70
		\$48.60	721	725	\$86.90	677.00
		\$49.70	726	730	\$88.20	679.40
		\$50.90	731	735	\$89.60	681.70
		\$52.10	736	740	\$90.90	684.00
		\$53.30	741	745	\$92.20	686.40
		\$54.60	746	750	\$93.60	688.70
		\$55.60	751	755	\$94.70	690.70
		\$56.80	756	760	\$95.80	692.80
		\$57.60	761	765	\$96.90	694.60
		\$58.90	766	770	\$98.00	696.60
		\$59.60	771	775	\$99.10	698.60
		\$60.60	776	780	\$400.20	700.30
		\$61.60	781	785	\$401.30	702.30
		\$62.60	786	790	\$402.40	704.20
		\$63.60	791	795	\$403.60	706.20
		\$64.60	796	800	\$404.60	708.10
		\$65.60	801	805	\$405.80	710.10
		\$66.60	806	810	\$406.90	712.00
		\$67.60	811	815	\$408.00	714.00
		\$68.60	816	820	\$409.10	715.80
		\$69.60	821	825	\$410.20	717.80
		\$70.60	826	830	\$411.30	719.80
		\$71.60	831	835	\$412.40	721.80
		\$72.60	836	840	\$413.50	723.70
		\$73.60	841	845	\$414.60	725.70
		\$74.60	846	850	\$415.70	727.60
		\$75.60	851	855	\$416.80	729.60
		\$76.60	856	860	\$418.00	731.40
		\$77.60	861	865	\$419.10	733.40
		\$78.60	866	870	\$420.20	735.30
		\$79.60	871	875	\$421.30	737.30
		\$80.60	876	880	\$422.40	739.20
		\$81.60	881	885	\$423.50	741.20
		\$82.60	886	890	\$424.60	743.10
		\$83.60	891	895	\$425.70	745.10
		\$84.60	896	900	\$426.80	747.00
		\$85.60	901	905	\$428.00	749.00
		\$86.60	906	910	\$429.10	750.90
		\$87.60	911	915	\$430.20	752.80
		\$88.60	916	920	\$431.30	754.70
		\$89.60	921	925	\$432.40	756.70

**"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND  
MAXIMUM FAMILY BENEFITS—Continued**

"I  (Primary insurance benefit under 1959 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 pri- mary insur- ance amount (as deter- mined 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 pay- able (as pro- vided in sec. 202(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—		
		\$80.60	828	880	\$58.60	768.60
		\$81.60	831	886	59.60	769.60
		\$82.60	836	890	60.60	770.60
		\$83.60	841	896	61.60	771.60
		\$84.60	846	900	62.60	772.60
		\$85.60	851	906	63.60	773.60
		\$86.60	856	910	64.60	774.60
		\$87.60	861	916	65.60	775.60
		\$88.60	866	920	66.60	776.60
		\$89.60	871	926	67.60	777.60
		\$90.60	876	930	68.60	778.60
		\$91.60	881	936	69.60	779.60
		\$92.60	886	940	70.60	780.60
		\$93.60	891	946	71.60	781.60
		\$94.60	896	950	72.60	782.60
		\$95.60	901	956	73.60	783.60
		\$96.60	906	960	74.60	784.60
		\$97.60	911	966	75.60	785.60
		\$98.60	916	970	76.60	786.60
		\$99.60	921	976	77.60	787.60
		\$100.60	926	980	78.60	788.60
		\$101.60	931	986	79.60	789.60
		\$102.60	936	990	80.60	790.60
		\$103.60	941	996	81.60	791.60
		\$104.60	946	1,000	82.60	792.60
			1,001	1,006	83.60	793.60
			1,006	1,010	84.60	794.60
			1,011	1,016	85.60	795.60
			1,016	1,020	86.60	796.60
			1,021	1,026	87.60	797.60
			1,026	1,030	88.60	798.60
			1,031	1,036	89.60	799.60
			1,036	1,040	90.60	800.60
			1,041	1,046	91.60	801.60
			1,046	1,050	92.60	802.60
			1,051	1,056	93.60	803.60
			1,056	1,060	94.60	804.60
			1,061	1,066	95.60	805.60
			1,066	1,070	96.60	806.60
			1,071	1,076	97.60	807.60
			1,076	1,080	98.60	808.60
			1,081	1,086	99.60	809.60
			1,086	1,090	100.60	810.60
			1,091	1,096	101.60	811.60
			1,096	1,100	102.60	812.60

1           (b) (1) Effective June 1, 1974, sections 227 and 228  
2 of the Social Security Act are amended by striking out  
3 "\$58.00" wherever it appears and inserting in lieu thereof  
4 "the larger of \$64.40 or the amount most recently established  
5 in lieu thereof under section 215(i)", and by striking out  
6 "\$29.00" wherever it appears and inserting in lieu thereof  
7 "the larger of \$32.20 or the amount most recently established  
8 in lieu thereof under section 215(i)".

9           (2) Section 202(a)(4) of Public Law 92-336 is hereby  
10 repealed.

1       (c) *The amendment made by subsection (a) shall apply*  
2 *with respect to monthly benefits under title II of the Social*  
3 *Security Act for months after May 1974, and with respect*  
4 *to lump-sum death payments under section 202(i) of such*  
5 *Act in the case of deaths occurring after such month.*

6       (d) *Section 202(a)(3) of Public Law 92-336 is*  
7 *amended by striking out "January 1, 1975" in subpara-*  
8 *graphs (A), (B), and (C) and inserting in lieu thereof in*  
9 *each instance "June 1, 1974".*

10       **MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE**

11                               **PROVISIONS**

12       **SEC. 103.** (a) *Clause (i) of section 215(i)(1)(A) of*  
13 *the Social Security Act is amended to read as follows: "(i)*  
14 *the calendar quarter ending on March 31 in each year after*  
15 *1974, or".*

16       (b) *Clause (ii) of section 215(i)(1)(B) of such Act*  
17 *is amended by striking out "in which a law" and all that*  
18 *follows and inserting in lieu thereof "if in the year prior to*  
19 *such year a law has been enacted providing a general benefit*  
20 *increase under this title or if in such prior year a benefit*  
21 *increase becomes effective; and".*

22       (c) *Section 215(i)(2)(A)(i) of such Act is amended*  
23 *by striking out "1974" and inserting in lieu thereof "1975",*  
24 *and by striking out "and to subparagraph (E) of this para-*  
25 *graph".*

1       (d) Section 215(i)(2)(A)(ii) of such Act is  
2 amended—

3           (1) by striking out “such base quarter” and insert-  
4 ing in lieu thereof “the base quarter in any year”;

5           (2) by striking out “January of the next calendar  
6 year” and inserting in lieu thereof “June of such year”;

7           (3) by striking out “(subject to subparagraph  
8 (E))”; and

9           (4) by striking out “(but not including a primary  
10 insurance amount determined under subsection (a)(3) of  
11 this section)”.

12       (e) Section 215(i)(2)(B) of such Act is amended by  
13 striking out “December” each place it appears and inserting  
14 in lieu thereof “May”, and, by striking out “(subject to sub-  
15 paragraph (E))”.

16       (f) Section 215(i)(2)(C)(ii) of such Act is amended  
17 by striking out “on or before August 15 of such calendar  
18 year” and inserting in lieu thereof “within 30 days after  
19 the close of such quarter”.

20       (g) Section 215(i)(2)(D) of such Act is amended  
21 by striking out “on or before November 1 of such calendar  
22 year” and inserting in lieu thereof “within 45 days after  
23 the close of such quarter”.

24       (h) Section 215(i)(2) of such Act is amended by  
25 striking out subparagraph (E).

1       *(i) For purposes of section 203(f)(8) of the Social*  
2 *Security Act, so much of section 215(i)(1)(B) of such Act*  
3 *as follows the semicolon, and section 230(a) of such Act, the*  
4 *increase in benefits provided by section 102 of this Act shall*  
5 *be considered an increase under section 215(i) of the Social*  
6 *Security Act.*

7       *(j)(1) Section 230(a) of such Act is amended—*

8           *(A) by striking out “with the first month of the*  
9 *calendar year” and inserting in lieu thereof “with the*  
10 *June”; and*

11           *(B) by striking out “(along with the publication*  
12 *of such benefit increase as required by section 215(i)*  
13 *(2)(D))” and by striking out “(unless such increase*  
14 *in benefits is prevented from becoming effective by section*  
15 *215(i)(2)(E))”.*

16       *(2) Section 230(c) of such Act is amended by striking*  
17 *out “the first month” and inserting in lieu thereof “the June”.*

18       *(k)(1) Section 203(f)(8)(A) of such Act is amended*  
19 *to read as follows:*

20           *“(A) Whenever the Secretary pursuant to section*  
21 *215(i) increases benefits effective with the month of*  
22 *June following a cost-of-living computation quarter, he*  
23 *shall also determine and publish in the Federal Register*  
24 *on or before November 1 of the calendar year in which*  
25 *such quarter occurs a new exempt amount which shall*

1       be effective (unless such new exempt amount is pre-  
2       vented from becoming effective by subparagraph (C) of  
3       this paragraph) with respect to any individual's taxable  
4       year which ends after the calendar year in which such  
5       benefit increase is effective (or, in the case of an indi-  
6       vidual who dies during the calendar year after the cal-  
7       endar year in which the benefit increase is effective,  
8       with respect to such individual's taxable year which  
9       ends, upon his death, during such year).”.

10       (2) Section 203(f)(8)(B) of such Act is amended by  
11       striking out “no later than August 15 of such year” and in-  
12       serting in lieu thereof “within 30 days after the close of the  
13       base quarter (as defined in section 215(i)(1)(A)) in such  
14       year”.

15       (3) Section 203(f)(8)(C) is amended by striking out  
16       “or providing a general benefit increase under this title (as  
17       defined in section 215(i)(3))”.

18       (1)(1) Section 215(a)(3) of the Social Security Act  
19       is amended by striking out “\$8.50” and inserting in lieu  
20       thereof “the larger of \$9.50 or the amount most recently  
21       established in lieu thereof under section 215(i)”.

22       (2) The amendment made by paragraph (1) shall  
23       apply with respect to monthly benefits under title II of the  
24       Social Security Act for months after May 1974, and with  
25       respect to lump-sum death payments under section 202(i)  
26       of such Act in the case of deaths occurring after such month.



## INCREASE IN EARNINGS BASE

1

2       *SEC. 104. (a)(1) Section 209(a)(8) of the Social*  
3 *Security Act is amended by striking out "\$12,600" and in-*  
4 *serting in lieu thereof "\$13,200".*

5       *(2) Section 211(b)(1)(H) of such Act is amended*  
6 *by striking out "\$12,600" and inserting in lieu thereof*  
7 *"\$13,200".*

8       *(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of*  
9 *such Act are each amended by striking out "\$12,600" and*  
10 *inserting in lieu thereof "\$13,200".*

11       *(4) Section 215(e)(1) of such Act is amended by*  
12 *striking out "\$12,600" and inserting in lieu thereof*  
13 *"\$13,200".*

14       *(b)(1) Section 1402(b)(1)(H) of the Internal Rev-*  
15 *enue Code of 1954 (relating to definition of self-employment*  
16 *income) is amended by striking out "\$12,600" and inserting*  
17 *in lieu thereof "\$13,200".*

18       *(2) Effective with respect to remuneration paid after*  
19 *1973, section 3121(a)(1) of such Code is amended by*  
20 *striking out the dollar amount each place it appears therein*  
21 *and inserting in lieu thereof "\$13,200".*

22       *(3) Effective with respect to remuneration paid after*  
23 *1973, the second sentence of section 3122 of such Code is*  
24 *amended by striking out the dollar amount and inserting in*  
25 *lieu thereof "\$13,200".*

1       (4) *Effective with respect to remuneration paid after*  
2 *1973, section 3125 of such Code is amended by striking out*  
3 *the dollar amount each place it appears in subsections (a),*  
4 *(b), and (c) and inserting in lieu thereof "\$13,200".*

5       (5) *Section 6413(c)(1) of such Code (relating to spe-*  
6 *cial refunds of employment taxes) is amended by striking*  
7 *out "\$12,600" each place it appears and inserting in lieu*  
8 *thereof "\$13,200".*

9       (6) *Section 6413(c)(2)(A) of such Code (relating*  
10 *to refunds of employment taxes in the case of Federal em-*  
11 *ployees) is amended by striking out "\$12,600" and insert-*  
12 *ing in lieu thereof "\$13,200".*

13       (7) *Effective with respect to taxable years beginning*  
14 *after 1973, section 6654(d)(2)(B)(ii) of such Code (re-*  
15 *lating to failure by individual to pay estimated income tax)*  
16 *is amended by striking out the dollar amount and inserting in*  
17 *lieu thereof "\$13,200".*

18       (c) *Section 230(c) of the Social Security Act is*  
19 *amended by striking out "\$12,600" and inserting in lieu*  
20 *thereof "\$13,200".*

21       (d) *Paragraphs (2)(C), (3)(C), (4)(C), and*  
22 *(7)(C) of section 203(b) of Public Law 92-336 are each*  
23 *amended by striking out "\$12,600" and inserting in lieu*  
24 *thereof "\$13,200".*

25       (e) *The amendments made by this section, except sub-*

1 *section (a)(4), shall apply only with respect to remunera-*  
2 *tion paid after, and taxable years beginning after, 1973.*

3 *The amendments made by subsection (a)(4) shall apply*  
4 *with respect to calendar years after 1973.*

5 *(f) The amendments made by this section to provisions*  
6 *of the Social Security Act, the Internal Revenue Code of*  
7 *1954, and Public Law 92-336 shall be deemed to be made*  
8 *to such provisions as amended by section 203 of Public*  
9 *Law 93-66.*

10 *CHANGES IN TAX SCHEDULES*

11 *SEC. 105. (a)(1) Section 3101(a) of the Internal Rev-*  
12 *enue Code of 1954 (relating to rate of tax on employees*  
13 *for purposes of old-age, survivors, and disability insurance)*  
14 *is amended by striking out paragraphs (4) through (6)*  
15 *and inserting in lieu thereof the following:*

16 *“(4) with respect to wages received during the*  
17 *calendar year 1973, the rate shall be 4.85 percent;*

18 *“(5) with respect to wages received during the*  
19 *calendar years 1974 through 2010, the rate shall be*  
20 *4.95 percent; and*

21 *“(6) with respect to wages received after Decem-*  
22 *ber 31, 2010, the rate shall be 5.95 percent.”*

23 *(2) Section 3111(a) of such Code (relating to rate of*  
24 *tax on employers for purposes of old-age, survivors, and*

1 *disability insurance) is amended by striking out paragraphs*  
2 *(4) through (6) and inserting in lieu thereof the following:*

3       *“(4) with respect to wages paid during the calen-*  
4 *dar year 1973, the rate shall be 4.85 percent;*

5       *“(5) with respect to wages paid during the calendar*  
6 *years 1974 through 2010, the rate shall be 4.95 percent;*

7 *and*

8       *“(6) with respect to wages paid after December 31,*  
9 *2010, the rate shall be 5.95 percent.”.*

10 *(b)(1) Section 1401(b) of such Code (relating to rate*  
11 *of tax on self-employment income for purposes of hospital*  
12 *insurance) is amended by striking out paragraphs (2)*  
13 *through (5) and inserting in lieu thereof the following:*

14       *“(2) in the case of any taxable year beginning after*  
15 *December 31, 1972, and before January 1, 1974, the*  
16 *tax shall be equal to 1.0 percent of the amount of the self-*  
17 *employment income for such taxable year;*

18       *“(3) in the case of any taxable year beginning after*  
19 *December 31, 1973, and before January 1, 1978, the*  
20 *tax shall be equal to 0.90 percent of the amount of the*  
21 *self-employment income for such taxable year;*

22       *“(4) in the case of any taxable year beginning after*  
23 *December 31, 1977, and before January 1, 1981, the*  
24 *tax shall be equal to 1.10 percent of the amount of the*  
25 *self-employment income for such taxable year;*

1           “(5) in the case of any taxable year beginning after  
2           December 31, 1980, and before January 1, 1986, the  
3           tax shall be equal to 1.35 percent of the amount of the  
4           self-employment income for such taxable year; and

5           “(6) in the case of any taxable year beginning  
6           after December 31, 1985, the tax shall be equal to 1.50  
7           percent of the self-employment income for such taxable  
8           year.”

9           (2) Section 3101(b) of such Code (relating to rate of  
10          tax on employees for purposes of hospital insurance) is  
11          amended by striking out paragraphs (2) through (5) and  
12          inserting in lieu thereof the following:

13           “(2) with respect to wages received during the  
14          calendar year 1973, the rate shall be 1.0 percent;

15           “(3) with respect to wages received during the  
16          calendar years 1974 through 1977, the rate shall be  
17          0.90 percent;

18           “(4) with respect to wages received during the  
19          calendar years 1978 through 1980, the rate shall be  
20          1.10 percent;

21           “(5) with respect to wages received during the  
22          calendar years 1981 through 1985, the rate shall be  
23          1.35 percent; and

24           “(6) with respect to wages received after December  
25          31, 1985, the rate shall be 1.50 percent.”.

1       (3) Section 3111(b) of such Code (relating to rate of  
2 tax on employers for purposes of hospital insurance) is  
3 amended by striking out paragraphs (2) through (5) and  
4 inserting in lieu thereof the following:

5           “(2) with respect to wages paid during the calen-  
6 dar year 1973, the rate shall be 1.0 percent;

7           “(3) with respect to wages paid during the calendar  
8 years 1974 through 1977, the rate shall be 0.90 percent;

9           “(4) with respect to wages paid during the cal-  
10 endar years 1978 through 1980, the rate shall be 1.10  
11 percent;

12           “(5) with respect to wages paid during the calen-  
13 dar years 1981 through 1985, the rate shall be 1.35  
14 percent; and

15           “(6) with respect to wages paid after December 31,  
16 1985, the rate shall be 1.50 percent.”.

17       (c) The amendment made by subsection (b)(1) shall  
18 apply only with respect to taxable years beginning after  
19 December 31, 1973. The remaining amendments made by  
20 this section shall apply only with respect to remuneration  
21 paid after December 31, 1973.

22       ALLOCATION TO DISABILITY INSURANCE TRUST FUND

23       SEC. 106. (a) Section 201(b)(1) of the Social Security  
24 Act is amended by striking out “(E)” and all that follows  
25 down through “which wages” and inserting in lieu thereof

1 the following: "(E) 1.1 per centum of the wages (as so de-  
2 fined) paid after December 31, 1972, and before January 1,  
3 1974, and so reported, (F) 1.15 per centum of the wages  
4 (as so defined) paid after December 31, 1973, and before  
5 January 1, 1978, and so reported, (G) 1.2 per centum of  
6 the wages (as so defined) paid after December 31, 1977,  
7 and before January 1, 1981, and so reported, (H) 1.3 per  
8 centum of the wages (as so defined) paid after December 31,  
9 1980, and before January 1, 1986, and so reported, (I) 1.4  
10 per centum of the wages (as so defined) paid after Decem-  
11 ber 31, 1985, and before January 1, 2011, and so reported,  
12 and (J) 1.7 per centum of the wages (as so defined) paid  
13 after December 31, 2010, and so reported, which wages".

14 (b) Section 201(b)(2) of such Act is amended by  
15 striking out "(E)" and all that follows down through "which  
16 self-employment income" and inserting in lieu thereof the  
17 following: "(E) 0.795 of 1 per centum of the amount of  
18 self-employment income (as so defined) so reported for any  
19 taxable year beginning after December 31, 1972, and before  
20 January 1, 1974, (F) 0.815 of 1 per centum of the  
21 amount of self-employment income (as so defined) so reported  
22 for any taxable year beginning after December 31, 1973,  
23 and before January 1, 1978, (G) 0.850 of 1 per centum  
24 of the amount of self-employment income (as so defined)  
25 so reported for any taxable year beginning after Decem-

1 *ber 31, 1977, and before January 1, 1981, (H) 0.920*  
 2 *of 1 per centum of the amount of self-employment income*  
 3 *(as so defined) so reported for any taxable year begin-*  
 4 *ning after December 31, 1980, and before January 1, 1986,*  
 5 *(I) 0.990 of 1 per centum of the amount of self-employ-*  
 6 *ment income (as so defined) so reported for any taxable*  
 7 *year beginning after December 31, 1985, and before Jan-*  
 8 *uary 1, 2011, and (J) 1 per centum of the amount of*  
 9 *self-employment income (as so defined) so reported for any*  
 10 *taxable year beginning after December 31, 2010, which*  
 11 *self-employment income”.*

12 *INTERNATIONAL AGREEMENTS WITH RESPECT TO*  
 13 *SOCIAL SECURITY BENEFITS*

14 *SEC. 107. (a) Title II of the Social Security Act is*  
 15 *amended by adding at the end thereof the following new*  
 16 *section:*

17 *“INTERNATIONAL AGREEMENTS*

18 *“Purpose of Agreement*

19 *“SEC. 232. (a) The President is authorized to enter*  
 20 *into agreements establishing totalization arrangements be-*  
 21 *tween the social security system established by this title and*  
 22 *the social security system of any foreign country, for the*  
 23 *purposes of establishing entitlement to and the amount of old-*  
 24 *age, survivors, disability, or derivative benefits based on a*  
 25 *combination of an individual's periods of coverage under the*



1 *social security system established under this title and the*  
2 *social security system of such foreign country.*

3 *“Delegation of Authority to Secretary of Health,*  
4 *Education, and Welfare*

5 *“(b)(1) The President is authorized to delegate any of*  
6 *his functions under this section to the Secretary of Health,*  
7 *Education, and Welfare.*

8 *“(2) Pursuant to any such delegation, the Secretary of*  
9 *Health, Education, and Welfare shall consult with the*  
10 *Secretary of the Treasury and the Secretary of State prior*  
11 *to entering into any such agreement.*

12 *“Definitions*

13 *“(c) For the purposes of this section—*

14 *“(1) The term ‘social security systems’ of a foreign*  
15 *country means a social insurance or pension system which*  
16 *is of general application in the country and under which*  
17 *periodic benefits, or the actuarial equivalent thereof, are paid*  
18 *on account of old age, death, or disability.*

19 *“(2) The term ‘period of coverage’ means a period of*  
20 *payment of contributions or a period of earnings based on*  
21 *wages for employment or on self-employment income, or*  
22 *any similar period recognized as equivalent thereto under*  
23 *this title or under the social security system of a country*  
24 *which is a party to an agreement entered into under this*  
25 *section.*

1 *“Crediting Periods of Coverage; Tax Exemptions; Condi-*  
2 *tions of Payment of Benefits*

3 *“(d)(1) Any agreement establishing a totalization ar-*  
4 *rangement pursuant to this section shall provide—*

5 *“(A) that, in the case of an individual who has at*  
6 *least 6 quarters of coverage as defined in section 213 of*  
7 *this Act and periods of coverage under the social security*  
8 *system of a foreign country which is a party to such*  
9 *agreement, periods of coverage of such individual under*  
10 *such social security systems of such foreign country may,*  
11 *at the option of such individual or of the survivors of*  
12 *such individual, be combined with periods of coverage*  
13 *under this title and otherwise considered for the purpose*  
14 *of establishing entitlement to and the amount of old-age,*  
15 *survivors, and disability insurance benefits under this*  
16 *title:*

17 *“(B)(i) that employment or self-employment, or*  
18 *any service which is recognized as equivalent to employ-*  
19 *ment or self-employment under this title and the social*  
20 *security system of such foreign country, which is a party*  
21 *to such agreement, shall, on or after the effective date of*  
22 *such agreement, result in a period of coverage under the*  
23 *system established under this title or under the system*  
24 *established under the laws of such foreign country, but*  
25 *not under both;*

1           “(ii) the methods and conditions for determining  
2           under which system such employment, self-employment,  
3           or other service shall result in a period of coverage;

4           “(C) that where an individual’s periods of coverage  
5           are combined, the benefit amount payable under this title  
6           shall be based on the proportion of such individual’s pe-  
7           riods of coverage which were completed under this title;  
8           and

9           “(D) that an individual who is entitled to cash  
10           benefits under this title pursuant to such agreement shall,  
11           notwithstanding the provisions of section 202(t), re-  
12           ceive such benefits while he legally resides in the foreign  
13           country which is a party to such agreement.

14           “(2) To the extent that any such agreement provides  
15           that any period of coverage under this title shall not be such  
16           a period of coverage because it is a period of coverage under  
17           the laws of a foreign country which is a party to such agree-  
18           ment, no employment or self-employment taxes shall be im-  
19           posed with respect to such period of coverage under the  
20           laws of the United States.

21           “(3) Any such agreement may provide that the benefit  
22           paid by the United States to an individual who legally re-  
23           sides in the United States shall be increased to an amount  
24           which, when added to the benefit paid by such foreign coun-  
25           try, will be equal to the benefit amount which would be

1 payable to an entitled individual based on the first figure  
2 in (or deemed to be in) column IV of the table in section  
3 215(a).

4 “(4) Section 226 shall not apply in the case of any  
5 individual to whom it would not be applicable but for this  
6 section or any agreement or regulation under this section.

7 “(5) Any such agreement may contain such other pro-  
8 visions, not inconsistent with this section, as the President  
9 deems appropriate.

10 “Regulations

11 “(e) The Secretary of Health, Education, and Welfare  
12 shall make rules and regulations and establish procedures  
13 which are reasonable and necessary to implement and ad-  
14 minister any agreement which has been entered into in  
15 accordance with this section.

16 “Reports to Congress; Effective Date of Agreements

17 “(f) (1) Any agreement to establish a totalization ar-  
18 rangement entered into pursuant to this section shall be  
19 transmitted by the President to the Congress.

20 “(2) Such an agreement shall become effective on any  
21 date provided in the agreement following 90 calendar days  
22 of continuous session of the Congress after the date on which  
23 the agreement is transmitted in accordance with paragraph  
24 (1). The continuity of a session is broken (for purposes of  
25 this paragraph) only by an adjournment of the Congress

1 *sine die. The days on which either House of the Congress is*  
2 *not in session because of an adjournment of more than 3*  
3 *days to a day certain shall be excluded in the computation of*  
4 *the 90-day period.”.*

5 (b)(1) *Section 1401 of the Internal Revenue Code*  
6 *is amended by adding at the end thereof the following*  
7 *new subsection:*

8 “(c) *During any period in which there is in effect an*  
9 *agreement entered into pursuant to section 232 of the Social*  
10 *Security Act with any foreign country, the self-employment*  
11 *income of an individual shall be exempt from the taxes*  
12 *imposed by this section to the extent that such self-employ-*  
13 *ment income is subject under such agreement to taxes or*  
14 *contributions for similar purposes under the social security*  
15 *system of such foreign country.”.*

16 (2) *Sections 3101 and 3111 of such Code are each*  
17 *amended by adding at the end thereof the following new*  
18 *subsection:*

19 “(c) *During any period in which there is in effect an*  
20 *agreement entered into pursuant to section 232 of the Social*  
21 *Security Act with any foreign country, wages received by*  
22 *or paid to an individual shall be exempt from the taxes im-*  
23 *posed by this section to the extent that such wages are subject*  
24 *under such agreement to taxes or contributions for similar*

1 *purposes under the social security system of such foreign*  
2 *country.”.*

3 *(3) Notwithstanding any other provision of law, taxes*  
4 *paid by any individual to any foreign country with respect*  
5 *to any period of employment or self-employment which is*  
6 *covered under the social security system of such foreign*  
7 *country in accordance with the terms of an agreement en-*  
8 *tered into pursuant to section 232 of the Social Security Act,*  
9 *shall not, under the laws of the United States, be deductible*  
10 *by, or creditable against the income tax of, any such*  
11 *individual.*

12 *TREATMENT OF CERTAIN FARM INCOME*

13 *SEC. 108. (a) Section 211(a) of the Social Security Act*  
14 *is amended by adding at the end thereof the following new*  
15 *paragraph:*

16 *“An agreement between an owner or tenant of land and*  
17 *another person under which such other person is to manage*  
18 *and supervise the production of agricultural or horticultural*  
19 *commodities on such land shall not be considered to be an ar-*  
20 *rangement (described in paragraph (1)(A) of the first sen-*  
21 *tence of this subsection) which provides for material par-*  
22 *ticipation by the owner or tenant in production or manage-*  
23 *ment, if under such agreement it is the responsibility and*  
24 *duty of such other person, as the agent of such owner or*  
25 *tenant, to manage and supervise such production (including*

1 *the selection of the tenants or other personnel whose serv-*  
2 *ices will be utilized in such production) without personal*  
3 *participation therein by such owner or tenant, and if, in*  
4 *fact, there is no personal participation by such owner or*  
5 *tenant in such production or management.”.*

6 (b) *Section 1402(a) of the Internal Revenue Code of*  
7 *1954 (relating to definition of net earnings from self-employ-*  
8 *ment) is amended by adding at the end thereof the following*  
9 *new paragraph:*

10 “*An agreement between an owner or tenant of land and*  
11 *another person under which such other person is to manage*  
12 *and supervise the production of agricultural or horticultural*  
13 *commodities on such land shall not be considered to be an ar-*  
14 *rangement (described in paragraph (1)(A) of the first sen-*  
15 *tence of this subsection) which provides for material par-*  
16 *ticipation by the owner or tenant in production or manage-*  
17 *ment, if under such arrangement it is the responsibility and*  
18 *duty of such other person, as the agent of such owner or*  
19 *tenant, to manage and supervise such production (including*  
20 *the selection of the tenants or other personnel whose serv-*  
21 *ices will be utilized in such production) without personal*  
22 *participation therein by such owner or tenant, and if, in*  
23 *fact, there is no personal participation by such owner or*  
24 *tenant in such production or management.”.*

25 (c) *The amendments made by this section shall apply*

1 *with respect to taxable years beginning after December 31,*  
2 *1973.*

3 *STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING*  
4 *BENEFITS UNDER THE SOCIAL SECURITY ACT TO PRE-*  
5 *VAILING COST OF LIVING IN VARIOUS AREAS*

6 *SEC. 109. (a) The Secretary of Health, Education, and*  
7 *Welfare (hereinafter in this section referred to as the "Sec-*  
8 *retary") shall conduct a study of the various programs*  
9 *established by and pursuant to the Social Security Act with*  
10 *a view to determining the feasibility of relating the various*  
11 *dollar amounts set forth therein (whether in the form of*  
12 *benefits, deductibles, conditions of eligibility for benefits, or*  
13 *otherwise) to the prevailing cost of living in the various*  
14 *States (and localities within States) in which such programs*  
15 *are operative.*

16 *(b) In carrying out such study, the Secretary shall—*

17 *(1) develop a comprehensive cost-of-living index*  
18 *which reflects the average cost of living for each State as*  
19 *a whole (and not just the urban or other areas therein);*

20 *(2) include an evaluation of the effects which would*  
21 *be produced among the various States, including the ad-*  
22 *vantages to recipients, if the benefits (and other dollar*  
23 *amount related criteria) in the Social Security Act were*  
24 *adjusted in accordance with differences in the average*  
25 *cost of living in the various States;*





1 *calendar year commencing January 1, 1974, so as to exclude*  
 2 *services performed within such State by individuals who are in*  
 3 *positions of policemen and who are eligible for membership in*  
 4 *the Municipal Police Employees Retirement System of Louisi-*  
 5 *ana. Any modification of such agreement pursuant to this*  
 6 *section shall be effective with respect to services performed*  
 7 *after an effective date specified by the State in such modifi-*  
 8 *cation, except that such date shall not be earlier than January*  
 9 *1, 1974.*

10 *TERMINATION OF COVERAGE FOR POLICEMEN OR*  
 11 *FIREMEN IN CALIFORNIA*

12 *SEC. 111. (a) Notwithstanding any provision of sec-*  
 13 *tion 218 of the Social Security Act, upon giving at least two*  
 14 *years' advance notice in writing to the Secretary of Health,*  
 15 *Education, and Welfare (hereafter in this section referred*  
 16 *to as the "Secretary"), the State of California may ter-*  
 17 *minate, effective at the end of the calendar quarter specified*  
 18 *in the notice, its agreement (entered into under such section)*  
 19 *with the Secretary with respect to services of—*

20 *(1) all employees included under the agreement as*  
 21 *a single coverage group within the meaning of section*  
 22 *218(d)(4) of such Act which is composed entirely of*  
 23 *positions of policemen or firemen or both;*

24 *(2) all employees in positions of policemen or fire-*  
 25 *men or both which are included under such agreement as*

1       *a part of a coverage group within the meaning of section*  
2       *218(d)(4) of such Act; or*

3             *(3) all employees in positions of policemen or fire-*  
4       *men or both which were included under such agreement*  
5       *as part of a coverage group as defined in section 218*  
6       *(b)(5) of such Act and which were covered by a retire-*  
7       *ment system after the date coverage was extended to such*  
8       *group,*

9       *but only if such agreement has been in effect with respect to*  
10       *employees in such positions for not less than five years prior*  
11       *to the receipt of such notice.*

12            *(b) If the agreement entered into (under section 218 of*  
13       *the Social Security Act) between the State of California and*  
14       *the Secretary is terminated pursuant to this section with re-*  
15       *spect to services of employees in positions of policemen or fire-*  
16       *men as described in subsection (a), the Secretary and such*  
17       *State may not thereafter modify such agreement so as to*  
18       *again make such agreement applicable to services performed*  
19       *by employees in such positions.*

20            *(c) Notwithstanding any provision of section 218 of the*  
21       *Social Security Act, the agreement with the State of Cali-*  
22       *fornia under such section may, if the State so desires, be modi-*  
23       *fied at any time prior to July 1, 1976, so as to again make*  
24       *the agreement applicable to services performed by employees,*  
25       *other than employees in policemen's or firemen's positions, in*

1 a coverage group with respect to which the agreement was  
 2 terminated by the State prior to the enactment of this Act if  
 3 the Governor of the State, or an official designated by him,  
 4 certifies that the following conditions have been met:

5 (1) the majority of such employees have indicated  
 6 a desire to have their coverage reinstated, and

7 (2) the termination of the agreement with respect to  
 8 the coverage group was for the purpose of terminating  
 9 coverage for those employees in policemen's or firemen's  
 10 positions, or both.

11 Notwithstanding the provisions of section 218(f)(1) of such  
 12 Act, any such modification shall be effective as of the date  
 13 coverage was previously terminated for those members of the  
 14 coverage group who meet the conditions prescribed in section  
 15 218(f)(2) of such Act.

16 INCLUSION OF NEW JERSEY AMONG STATES PERMITTED TO  
 17 DIVIDE THEIR RETIREMENT SYSTEMS

18 SEC. 111A. Section 218(d)(6)(C) of the Social Secu-  
 19 rity Act is amended by inserting "New Jersey," after  
 20 "Nevada,".

21 ACTUARIALLY REDUCED BENEFITS FOR WIDOWS AT AGE 55

22 SEC. 111B. (a) (1) Section 202(e)(1)(B) of the  
 23 Social Security Act is amended by striking out "60" wherever  
 24 it appears therein and inserting in lieu thereof "55".

25 (2) Section 202(e)(1) of such Act is amended, in

1 the matter following subparagraph (F), by striking out  
2 “60” and inserting in lieu thereof “55”.

3 (3) Section 202(e)(4) of such Act is amended by  
4 striking out “60” and inserting in lieu thereof “55”.

5 (4) Section 202(e)(5) of such Act is amended by  
6 striking out “60” and inserting in lieu thereof “55”.

7 (b) The third sentence of section 203(c) of such Act  
8 is amended by striking out “60 (but only if she became so  
9 entitled prior to attaining age 60)” and inserting in lieu  
10 thereof “55 (but only if she became so entitled prior to attain-  
11 ing age 55)”.

12 (c) Section 203(f)(1)(D) is amended by striking out  
13 “60 (but only if she became so entitled prior to attaining  
14 age 60)” and inserting in lieu thereof “55 (but only if she  
15 became so entitled prior to attaining age 55)”.

16 (d) Section 222(b)(1) of such Act is amended by  
17 striking out “a widow, widower, or surviving divorced wife  
18 who has not attained age 60,” and inserting in lieu thereof  
19 “a widow or surviving divorced wife who has not attained  
20 age 55, a widower who has not attained age 60,”.

21 (e)(1) Section 222(d)(1)(C) of such Act is amended  
22 by striking out “60” and inserting in lieu thereof “55”.

23 (2) Section 222(d)(1) of such Act, in the matter fol-  
24 lowing subparagraph (D), by striking out “for widows and  
25 surviving divorced wives who have not attained age 60” and

1 *inserting in lieu thereof "for widows and surviving divorced*  
2 *wives who have not attained age 55".*

3 *(f) The first sentence of section 225 of such Act is*  
4 *amended by striking out "widow or surviving divorced wife*  
5 *who has not attained age 60" and inserting in lieu thereof*  
6 *"widow or surviving divorced wife who has not attained age*  
7 *55".*

8 *(g) The amendments made by this section shall apply*  
9 *with respect to monthly insurance benefits payable under*  
10 *title II of the Social Security Act for months after the month*  
11 *in which this Act is enacted, on the basis of applications*  
12 *filed in or after the month in which this Act is enacted.*

13 *LIBERALIZATION OF EARNINGS TEST*

14 *SEC. 111C. (a) Paragraphs (1), (3), and (4)(B) of*  
15 *section 203(f), and paragraph (1)(A) of section 203(h), of*  
16 *the Social Security Act are each amended by striking out*  
17 *"\$175" and inserting in lieu thereof "\$250".*

18 *(b)(1) Subsections (c)(1), (d)(1), (f)(1), and (j)*  
19 *of section 203 of the Social Security Act are each amended*  
20 *by striking out "seventy-two" and inserting in lieu thereof*  
21 *"seventy".*

22 *(2) Subsection (h)(1)(A) of such section 203 is*  
23 *amended by striking out "the age of 72" and "age 72" and*  
24 *inserting in lieu thereof in each instance "age 70".*

25 *(3) The heading of subsection (j) of such section 203*

1 *is amended by striking out "Seventy-two" and inserting in*  
2 *lieu thereof "Seventy".*

3 *(c) The amendments made by subsections (a) and (b)*  
4 *shall apply with respect to taxable years beginning after De-*  
5 *cember 31, 1973.*

6 *(d) Section 202 of Public Law 93-66 is hereby*  
7 *repealed.*

8 **CONSUMER PRICE INDEX FOR THE AGED**

9 *SEC. 111D. (a) In order to provide the Congress with*  
10 *improved means for formulating legislation with respect to*  
11 *older Americans, the Secretary of Labor, through the Bureau*  
12 *of Labor Statistics is authorized and directed to prepare,*  
13 *as part of the Consumer Price Index published monthly by*  
14 *the Bureau of Labor Statistics, a consumer price index (to*  
15 *be known as the "Consumer Price Index for the Aged")*  
16 *designed to reflect the relevant price information for indi-*  
17 *viduals who are 65 years of age or older.*

18 *(b) (1) Section 215(i) of the Social Security Act is*  
19 *amended by striking out "Consumer Price Index", wherever*  
20 *it appears therein, and inserting in lieu thereof "Consumer*  
21 *Price Index for the Aged or the Consumer Price Index,*  
22 *whichever is the higher".*

23 *(2) (A) Except as provided in subparagraph (B), the*  
24 *amendments made by paragraph (1) shall be effective with*  
25 *respect to cost-of-living increases made after the date of*

1 enactment of this section under section 215(i) of the Social  
2 Security Act.

3 (B) The amendments made by paragraph (1) shall  
4 not be effective with respect to any cost-of-living increase  
5 made under section 215(i) of the Social Security Act if  
6 such increase is made with respect to a base quarter (as  
7 defined in section 215(i)(1)(A) of such Act) which occurs  
8 prior to the first calendar quarter for each month of which  
9 there is published by the Department of Labor (in accord-  
10 ance with subsection (a)) a "Consumer Price Index for  
11 the Aged".

12 LIBERALIZATION OF SOCIAL SECURITY ELIGIBILITY FOR  
13 THE BLIND

14 SEC. 111E. (a)(1) Section 214(a) of the Social  
15 Security Act is amended by adding "or" after the semicolon  
16 at the end of paragraph (3), and by inserting after para-  
17 graph (3) the following new paragraph:

18 "(4) in the case of an individual who has died and  
19 who was entitled to a benefit under section 223 for the  
20 month before the month in which he died, 6 quarters  
21 of coverage;"

22 (2) Section 215(b)(1) of such Act is amended by  
23 striking out "shall be the quotient" and inserting in lieu  
24 thereof "shall (except as provided in paragraph (5)) be  
25 the quotient".



1       (3) Section 215(b) of such Act is further amended by  
2 adding at the end thereof the following new paragraph:

3       “(5) In the case of an individual who is blind (within  
4 the meaning of ‘blindness’ as defined in section 216(i)(1)),  
5 such individual’s average monthly wage shall be the quotient  
6 obtained by dividing (A) the total of his wages paid in,  
7 and self-employment income credited to, all of the calendar  
8 quarters which are quarters of coverage (as defined in sec-  
9 tion 213) and which fall within the period after 1950 and  
10 prior to the year specified in clause (i) or clause (ii) of  
11 paragraph (2)(C), by (B) the number of months in such  
12 quarters; except that any such individual who is fully insured  
13 (without regard to section 214(a)(4)) shall have his aver-  
14 age monthly wage computed under this subsection without  
15 regard to this paragraph if such computation results in a  
16 larger primary insurance amount.”

17       (4) Section 216(i)(3) of such Act is amended to read  
18 as follows:

19       “(3) The requirements referred to in clauses (i) and  
20 (ii) of paragraph (2)(C) are satisfied by an individual  
21 with respect to any quarter only if—

22       “(A) he would have been a fully insured indi-  
23 vidual (as defined in section 214) had he attained  
24 age 62 and filed application for benefits under section  
25 202(a) on the first day of such quarter, and (i) he had

1       not less than 20 quarters of coverage during the 40-  
2       quarter period which ends with such quarter, or (ii) if  
3       such quarter ends before he attains (or would attain) age  
4       31, not less than one-half (and not less than 6) of the  
5       quarters during the period ending with such quarter and  
6       beginning after he attained the age of 21 were quarters of  
7       coverage, or (if the number of quarters in such period  
8       is less than 12) not less than 6 of the quarters in the 12-  
9       quarter period ending with such quarter were quarters of  
10      coverage; or

11           “(B) he is blind (within the meaning of ‘blindness’  
12       as defined in paragraph (1) of this subsection) and has  
13       not less than 6 quarters of coverage in the period which  
14       ends with such quarter.

15       For purposes of clauses (i) and (ii) of subparagraph  
16       (A) of this paragraph, when the number of quarters in  
17       any period is an odd number, such number shall be reduced  
18       by one, and a quarter shall not be counted as part of any  
19       period if any part of such quarter was included in a prior  
20       period of disability unless such quarter was a quarter of  
21       coverage.”

22           (5) The first sentence of section 222(b)(1) of such  
23       Act is amended by inserting “(other than such an individual  
24       whose disability is blindness as defined in section 216(i)

1 (1))” after “an individual entitled to disability insurance  
2 benefits”.

3 (6) Section 223(a)(1) of such Act is amended—

4 (A) by striking out the comma at the end of sub-  
5 paragraph (B) and inserting in lieu thereof “or is blind  
6 (within the meaning of ‘blindness’ as defined in sec-  
7 tion 216(i)(1)),”;

8 (B) by striking out “the month in which he at-  
9 tains age 65” and inserting in lieu thereof “in the case  
10 of any individual other than an individual whose dis-  
11 ability is blindness (as defined in section 216(i)(1)),  
12 the month in which he attains age 65”; and

13 (C) by striking out the second sentence.

14 (7) Section 223(c)(1) of such Act is amended to read  
15 as follows:

16 “(1) An individual shall be insured for disability  
17 insurance benefits in any month if—

18 “(A) he would have been a fully insured indi-  
19 vidual (as defined in section 214) had he attained  
20 age 62 and filed application for benefits under sec-  
21 tion 202(a) on the first day of such month, and  
22 (i) he had not less than 20 quarters of coverage  
23 during the 40-quarter period which ends with the  
24 quarter in which such month occurred, or (ii) if

1           such month ends before the quarter in which he  
2           attains (or would attain) age 31, not less than  
3           one-half (and not less than 6) of the quarters during  
4           the period ending with the quarter in which such  
5           month occurred and beginning after he attained the  
6           age of 21 were quarters of coverage, or (if the  
7           number of quarters in such period is less than 12)  
8           not less than 6 of the quarters in the 12-quarter  
9           period ending with such quarter were quarters of  
10          coverage, or

11                 “(B) he is blind (within the meaning of ‘blind-  
12                 ness’ as defined in section 216(i)(1)) and has not  
13                 less than 6 quarters of coverage in the period which  
14                 ends with the quarter in which such month occurs.

15          For purposes of clauses (i) and (ii) of subparagraph  
16          (A) of this paragraph, when the number of quarters  
17          in any period is an odd number, such number shall be  
18          reduced by one, and a quarter shall not be counted as  
19          part of any period if any part of such quarter was in-  
20          cluded in a period of disability unless such quarter was  
21          a quarter of coverage.”

22          (8) Section 223(d)(1)(B) of such Act is amended  
23          to read as follows:

24                 “(B) blindness (as defined in section 216(i)  
25                 (1)).”

1       (9) *The second sentence of section 223(d)(4) of such*  
2 *Act is amended by inserting “(other than an individual*  
3 *whose disability is blindness, as defined in section 216(i)*  
4 *(1))” immediately after “individual”.*

5       (b) *In the case of an insured individual who is under*  
6 *a disability as defined in section 223(d)(1)(B) of the Social*  
7 *Security Act, who is entitled to monthly insurance benefits*  
8 *under section 202(a) or 223 of such Act for a month after*  
9 *the month in which this Act is enacted, and who applies for*  
10 *a recomputation of his disability insurance benefit or for a*  
11 *disability insurance benefit (if he is entitled under such sec-*  
12 *tion 202(a)) in or after the month this Act is enacted, the*  
13 *Secretary shall, notwithstanding the provisions of section*  
14 *215(f)(1) of such Act, make a recomputation of such*  
15 *benefit if such recomputation results in a higher primary*  
16 *insurance amount.*

17       (c) *The amendments made by subsections (a) and (b)*  
18 *of this section shall apply only with respect to monthly bene-*  
19 *fits under title II of the Social Security Act for and after*  
20 *the second month following the month in which this section is*  
21 *enacted.*

22                                   **PART B—TAX CREDIT**

23                   **TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES**

24                   **SEC. 112. (a) IN GENERAL.**

25                   (1) *Subpart A of part IV of subchapter A of chapter 1*  
26 *of the Internal Revenue Code of 1954 (relating to credits*

1 *against tax) is amended by redesignating section 42 as 43,*  
2 *and by inserting after section 41 the following new section:*

3 **“SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH**  
4 **FAMILIES.**

5 **“(a) IN GENERAL.—**

6 **“(1) ALLOWANCE OF CREDIT.—***There shall be al-*  
7 *lowed to a taxpayer who is an eligible individual as a*  
8 *credit against the tax imposed by this chapter for the*  
9 *taxable year an amount equal to the applicable percent-*  
10 *age (as determined under paragraph (2)) of the social*  
11 *security taxes imposed on him and his employer with*  
12 *respect to wages received by the taxpayer during that*  
13 *year. In the case of a taxpayer who is married (as deter-*  
14 *mined under section 143) and who files a joint return*  
15 *of tax with his spouse under section 6013 for the taxable*  
16 *year, the amount of the credit allowable by this subsec-*  
17 *tion shall be an amount equal to the applicable percentage*  
18 *(as determined under paragraph (2)) of the social*  
19 *security taxes imposed on him and his spouse, and their*  
20 *employers, with respect to wages received by the tax-*  
21 *payer and his spouse during that year.*

22 **“(2) APPLICABLE PERCENTAGE.—***The percentage*  
23 *under paragraph (1) applicable to the social security*  
24 *taxes is—*

1           “(A) 86 percent for calendar years 1974  
2           through 1977,

3           “(B) 83 percent for calendar years 1978  
4           through 1980,

5           “(C) 80 percent for calendar years 1981  
6           through 1985,

7           “(D) 78 percent for calendar years 1986  
8           through 2010, and

9           “(E) 68 percent for calendar years begin-  
10          ning after December 31, 2010.

11       “(b) *LIMITATIONS.*—

12       “(1) *MAXIMUM CREDIT.*—*The amount of the credit*  
13       *allowable to a taxpayer (or to a taxpayer and his spouse*  
14       *in the case of a joint return of tax under section 6013)*  
15       *for any taxable year under subsection (a) shall not exceed*  
16       *an amount equal to 10 percent of so much of the wages*  
17       *(as defined in section 3121(a)) as does not exceed \$4,000*  
18       *received by that individual (or by that individual and*  
19       *his spouse in the case of a joint return of tax) during*  
20       *that year with respect to employment (as defined in sec-*  
21       *tion 3121(b) without regard to the exclusion set forth*  
22       *in paragraph (9) of that section).*

23       “(2) *REDUCTION FOR ADDITIONAL INCOME.*—*The*  
24       *amount of the credit allowable under subsection (a) for*  
25       *any taxable year (after the application of paragraph*

1 (1)) shall be reduced by one-fourth of the amount by  
2 which a taxpayer's income, or, if he is married (as  
3 determined under section 143), the total of his in-  
4 come and his spouse's income, for the taxable year ex-  
5 ceeds \$4,000. For purposes of this paragraph, the term  
6 'income' means adjusted gross income (as defined in sec-  
7 tion 62 but without regard to paragraph (3) (relating to  
8 long-term capital gains)) plus—

9           “(A) any amount described in section 71(b)  
10           (relating to payments to support minor children),  
11           71(c) (relating to alimony and separate mainte-  
12           nance payments paid as a principal sum paid in  
13           installments), or 74(b) (relating to certain prizes  
14           and awards),

15           “(B) any amount excluded from income under  
16           section 101 (relating to certain death benefits), 102  
17           (relating to gifts and inheritances), 103 (relat-  
18           ing to interest on certain governmental obligations),  
19           105(d) (relating to amounts received under wage  
20           continuation accident and health plans), 107  
21           (relating to rental value of parsonages), 112  
22           (relating to certain combat pay of members of the  
23           Armed Forces), 113 (relating to mustering-out  
24           payments for members of the Armed Forces), 116  
25           (relating to partial exclusion of dividends received



1 *by individuals), 117 (relating to scholarships and*  
2 *fellowship grants), 119 (relating to meals or lodg-*  
3 *ing furnished for the convenience of the employer),*  
4 *121 (relating to gain from sale or exchange of res-*  
5 *idence by individual who has attained age 65),*  
6 *911 (relating to earned income from sources without*  
7 *the United States), or 931 (relating to income from*  
8 *sources within possessions of the United States),*

9 *“(C) any amount received as a payment from*  
10 *a public agency based upon need, age, blindness, or*  
11 *disability, or as a payment from a public agency*  
12 *for the general support of the taxpayer and his fam-*  
13 *ily (as determined by the Secretary or his delegate),*  
14 *other than any payment for the purchase of pros-*  
15 *thetic devices or medical services, and*

16 *“(D) any amount received as an annuity, pen-*  
17 *sion, retirement, or disability benefit (including vet-*  
18 *erans’ compensation and pensions, workmen’s com-*  
19 *ensation payments, monthly insurance payments*  
20 *under title II of the Social Security Act, railroad*  
21 *retirement annuities and pensions, and benefits under*  
22 *any Federal or State unemployment compensation*  
23 *law).*

24 *“(3) APPLICATION WITH SECTION 6428.—The*  
25 *amount allowable to a taxpayer, or to a taxpayer and his*

1 spouse, as a credit under subsection (a) for any taxable  
2 year (after the application of paragraphs (1) and (2))  
3 shall be reduced by the sum of any amounts received  
4 under section 6428 during that year.

5 “(c) DEFINITIONS.—For purposes of this section—

6 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
7 individual’ means an individual who maintains a house-  
8 hold (within the meaning of section 214(b)(3)) in the  
9 United States which is the principal place of abode of  
10 the individual and a child of that individual with respect  
11 to whom he is entitled to a deduction under section 151  
12 (e)(1)(B) (relating to additional exemption for de-  
13 pendants).

14 “(2) SOCIAL SECURITY TAXES.—The term ‘social  
15 security taxes’ means the aggregate amount of taxes  
16 imposed by sections 3101 (relating to rate of tax on em-  
17 ployees under the Federal Insurance Contributions Act)  
18 and 3111 (relating to rate of tax on employers under  
19 such Act) with respect to the wages (as defined in section  
20 3121(a)) received by an individual and his spouse with  
21 respect to employment (as defined in section 3121(b)),  
22 or which would be imposed with respect to such wages by  
23 such sections if the definition of the term ‘employment’  
24 (as defined in section 3121(b)) did not contain the  
25 exclusion set forth in paragraph (9) of such section.”.

1       (2) *The table of sections for such subpart is amended*  
2 *by striking out the last item and inserting in lieu thereof*  
3 *the following:*

*“Sec. 42. Tax credit for low income workers with families.*  
*“Sec. 43. Overpayments of tax.”.*

4       (3) *Section 6401(b) of the Internal Revenue Code of*  
5 *1954 (relating to excessive credits) is amended by—*

6           (A) *inserting after “lubricating oil)” the following:*  
7           *“, 42 (relating to tax credit for low-income workers with*  
8 *families),” ; and*

9           (B) *striking out “sections 31 and 39” and inserting*  
10 *in lieu thereof “sections 31, 39, and 42”.*

11       (4) *Section 6201(a)(4) of such Code (relating to*  
12 *assessment authority) is amended by—*

13           (A) *inserting “OR 42” after “SECTION 39” in the*  
14 *caption of such section; and*

15           (B) *striking out “oil),” and inserting in lieu thereof*  
16 *“oil) or section 42 (relating to tax credit for low income*  
17 *workers with families),”.*

18       (b) *ADVANCE REFUND OF CREDIT.—*

19       (1) *Subchapter B of chapter 65 of the Internal Revenue*  
20 *Code of 1954 (relating to rules of special application) is*  
21 *amended by adding at the end thereof the following new*  
22 *section:*

1 **"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.**

2       *"(a) IN GENERAL.—A taxpayer may receive an ad-*  
3 *vance refund of the credit allowable to him under section 42*  
4 *(relating to tax credit for low-income workers with families)*  
5 *not more frequently than quarterly by filing an election for*  
6 *such refund with the Secretary or his delegate at such time*  
7 *and in such form as the Secretary or his delegate may pre-*  
8 *scribe. If the taxpayer elects to base his claim for refund on*  
9 *social security taxes imposed on him, his spouse, and their*  
10 *employers, the election shall be a joint election signed by the*  
11 *taxpayer and his spouse. An election may not be made under*  
12 *this subsection with respect to the last quarter of the calendar*  
13 *year, and any other election shall specify the quarter or quar-*  
14 *ters to which it relates and shall be made not later than the*  
15 *fifteenth day of the eleventh month of the taxable year to*  
16 *which it relates. The Secretary or his delegate shall pay any*  
17 *advance refund for which a proper election is made without*  
18 *regard to any liability, or potential liability, for tax under*  
19 *chapter 1 which has accrued, or may be expected to accrue,*  
20 *to the taxpayer for the taxable year to which the election*  
21 *relates.*

22       **"(b) LIMITATIONS.—**

23       **"(1) AMOUNT OF REFUND.—***The amount of any*  
24 *refund for which a taxpayer files an election under sub-*  
25 *section (a) shall be an amount equal to the amount of*

1     *the credit allowable under section 42 with respect to*  
2     *social security taxes payable with respect to that taxpayer*  
3     *(or, in the case of a joint election, social security taxes*  
4     *payable with respect to that taxpayer and his spouse) for*  
5     *the quarter or quarters to which the election relates.*

6             “(2) *INELIGIBLE FOR CREDIT.*—*No advance re-*  
7     *fund may be made under this section for any quarter*  
8     *to a taxpayer who, on the basis of the income the tax-*  
9     *payer and his spouse reasonably may expect to receive*  
10    *during the taxable year, will not be entitled to claim any*  
11    *amount as a credit under section 42 for that year.*

12            “(3) *MINIMUM PAYMENT.*—*No payment may be*  
13    *made under this section in an amount less than \$30.*

14            “(c) *COLLECTION OF EXCESS PAYMENTS.*—*In addi-*  
15    *tion to any other method of collection available to him, if*  
16    *the Secretary or his delegate determines that any part of*  
17    *any amount paid to a taxpayer for any quarter under this*  
18    *section was in excess of the amount to which that taxpayer*  
19    *was entitled for that quarter, the Secretary or his delegate*  
20    *shall notify that taxpayer of the excess payment and may*  
21    *withhold, from any amounts which that taxpayer elects to*  
22    *receive under this section in any subsequent quarter, amounts*  
23    *totaling not more than the amount of that excess.”.*

24            (2) *The table of sections for such subchapter is amended*  
25    *by adding at the end thereof the following new item:*

          “*Sec. 6428. Advance refund of section 42 credit.*”.

1       (c) RETURNS OF TAXPAYERS RECEIVING ADVANCE  
2 REFUND OF SECTION 42 CREDIT.—Section 6011 (d) (re-  
3 lating to interest equalization returns, etc.) is amended by  
4 adding at the end thereof the following new paragraph:

5           “(4) RETURNS OF TAXPAYERS RECEIVING AD-  
6 VANCE REFUND OF SECTION 42 CREDIT.—Every tax-  
7 payer who elects to receive an advance refund of the  
8 credit allowed by section 42 (relating to tax credit for  
9 low-income workers with families) during the taxable  
10 year shall file a return for that year, together with such  
11 additional information as the Secretary or his delegate  
12 may require.”.

13       (d) DEVELOPMENT OF APPLICATION FORMS; COOP-  
14 ERATION OF OTHER GOVERNMENT AGENCIES.—

15           (1) The Secretary of the Treasury shall develop  
16 simple and expedient application forms and procedures  
17 for use by taxpayers who wish to receive an advance  
18 refund under section 6428 of the Internal Revenue Code  
19 of 1954 (relating to advance refund of section 42  
20 credit), arrange for distributing such forms and making  
21 them easily available to taxpayers, and prescribe such  
22 regulations as may be necessary to carry out the provi-  
23 sions of sections 42 and 6428 of such Code. Each such  
24 application form shall contain a warning that the making

1     *of a false or fraudulent statement thereon is a Federal*  
2     *crime.*

3           *(2) The Secretary of the Treasury is authorized to*  
4     *obtain from any agency or department of the United*  
5     *States Government or of any State or political subdivi-*  
6     *sion thereof such information with respect to any tax-*  
7     *payer applying for or receiving benefits under section*  
8     *6428 of the Internal Revenue Code of 1954 (relating to*  
9     *advance refund of section 42 credit), or his spouse, as*  
10    *may be necessary for the proper administration of sec-*  
11    *tion 42 of the Internal Revenue Code of 1954 (relating*  
12    *to tax credit for low-income workers with families) and*  
13    *of section 6428 of such Code (relating to advance refund*  
14    *of section 42 credit). Notwithstanding any other provi-*  
15    *sion of law, each agency and department of the United*  
16    *States Government is authorized and directed to furnish*  
17    *to the Secretary such information upon request.*

18           *(e) AMENDMENT OF SOCIAL SECURITY ACT.—Section*  
19    *402(a)(7) of the Social Security Act is amended by insert-*  
20    *ing after "other income" the following: "(including any*  
21    *amounts derived from application of the tax credit established*  
22    *by section 42 of the Internal Revenue Code of 1954)".*

23           *(f) EFFECTIVE DATE.—The amendments made by this*  
24    *section shall apply with respect to taxable years beginning*  
25    *after December 31, 1973, but no advance refund payment*

1 *under section 6428 of the Internal Revenue Code of 1954*  
2 *shall be made before July 1, 1974.*

3 *PART C—AMENDMENTS RELATED TO SUPPLEMENTAL*  
4 *SECURITY INCOME PROGRAM*

5 *INCREASE IN SUPPLEMENTAL SECURITY INCOME*  
6 *BENEFITS*

7 *SEC. 121. (a)(1) Section 210(c) of Public Law 93-66*  
8 *is amended by striking out "June 1974" and inserting in*  
9 *lieu thereof "December 1973".*

10 *(2) Section 211(a)(1)(A) of Public Law 93-66 is*  
11 *amended by striking out "(\$780 in the case of any period*  
12 *prior to July 1974)".*

13 *(b) Effective with respect to payments for months after*  
14 *June 1974—*

15 *(1) section 1611(a)(1)(A) and section 1611(b)*  
16 *(1) of the Social Security Act (as enacted by section*  
17 *301 of the Social Security Amendments of 1972 and*  
18 *amended by section 210 of Public Law 93-66) are each*  
19 *amended by striking out "\$1,680" and inserting in lieu*  
20 *thereof "\$1,752";*

21 *(2) section 1611(a)(2)(A) and section 1611(b)*  
22 *(2) of such Act (as so enacted and amended) are each*  
23 *amended by striking out "\$2,520" and inserting in lieu*  
24 *thereof "\$2,628"; and*

25 *(3) section 211(a)(1)(A) of Public Law 93-66*



1       *(as amended by subsection (a)(2) of this section)*  
2       *is amended by striking out “§840” and inserting in lieu*  
3       *thereof “§876”.*

4       *ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME*

5                     *RECIPIENTS FOR FOOD STAMPS*

6       *SEC. 122. (a)(1) Section 3(e) of the Food Stamp Act*  
7       *of 1964 is amended to read as it did before amendment by*  
8       *Public Law 92-603 and Public Law 93-86, but with the*  
9       *addition of the following new sentence at the end thereof:*  
10      *“No individual, who receives supplemental security income*  
11      *benefits under title XVI of the Social Security Act, State*  
12      *supplementary payments described in section 1616 of such*  
13      *Act, or payments of the type referred to in section 212(a) of*  
14      *Public Law 93-66, shall be considered to be a member of*  
15      *a household or an elderly person for purposes of this Act for*  
16      *any month during the 18-month period beginning January*  
17      *1, 1974, if, for such month, such individual resides in a State*  
18      *which provides State supplementary payments (A) of the*  
19      *type described in section 1616(a) of the Social Security*  
20      *Act, and (B) the level of which has been found by the Sec-*  
21      *retary of Health, Education, and Welfare to have been*  
22      *specifically increased so as to include the bonus value of food*  
23      *stamps.”.*

24      *(2) Section 3(b) of Public Law 93-86 is hereby re-*  
25      *pealed.*

1       **(b)(1)** *Section 4(c) of Public Law 93-86 is hereby*  
2 *repealed.*

3       **(2)** *The last sentence of section 416 of the Act of Oc-*  
4 *tober 31, 1949 (as added by section 411(g) of Public Law*  
5 *92-603) is hereby repealed.*

6       **(3)** *No individual, who receives supplemental security*  
7 *income benefits under title XVI of the Social Security Act,*  
8 *State supplementary payments described in section 1616 of*  
9 *such Act, or payments of the type referred to in section 212*  
10 *(a) of Public Law 93-66, shall be considered to be a member*  
11 *of a household for any purpose of the food distribution pro-*  
12 *gram for families under section 32 of Public Law 74-320,*  
13 *section 416 of the Agricultural Act of 1949, or any other*  
14 *law, for any month during the 18-month period beginning*  
15 *January 1, 1974, if, for such month, such individual resides*  
16 *in a State which provides State supplementary payments (A)*  
17 *of the type described in section 1616(a) of the Social Security*  
18 *Act, and (B) the level of which has been found by the*  
19 *Secretary of Health, Education, and Welfare to have been*  
20 *specifically increased so as to include the bonus value of food*  
21 *stamps.*

22       **(c)** *For purposes of the last sentence of section 3(e)*  
23 *of the Food Stamp Act of 1964 (as amended by subsection*  
24 *(a) of this section) and subsections (b)(3) and (f) of this*  
25 *section, the level of State supplementary payment under*  
26 *section 1616(a) shall be found by the Secretary to have been*

1 *specifically increased so as to include the bonus value of food*  
2 *stamps (1) only if, prior to October 1, 1973, the State has*  
3 *entered into an agreement with the Secretary or taken other*  
4 *positive steps which demonstrate its intention to provide sup-*  
5 *plementary payments under section 1616(a) at a level which*  
6 *is at least equal to the maximum level which can be deter-*  
7 *mined under section 401(b)(1) of the Social Security*  
8 *Amendments of 1972 and which is such that the limitation*  
9 *on State fiscal liability under section 401 does result in*  
10 *a reduction in the amount which would otherwise be payable*  
11 *to the Secretary by the State, and (2) only with respect to*  
12 *such months as the State may, at its option, elect.*

13 *(d) Section 401(b)(1) of the Social Security Amend-*  
14 *ments of 1972 is amended by striking out everything after*  
15 *the word "exceed" and inserting in lieu thereof: "a payment*  
16 *level modification (as defined in paragraph (2) of this sub-*  
17 *section) with respect to such plans."*

18 *(e) Section 401(b)(3) of the Social Security Amend-*  
19 *ments of 1972 is repealed.*

20 *(f) The amendments and repeals made by subsections*  
21 *(d) and (e) shall be effective January 1, 1974, except that*  
22 *such amendments and repeals shall not during the 18-month*  
23 *period beginning January 1, 1974, be effective in any State*  
24 *which provides supplementary payments of the type described*  
25 *in section 1616(a) of the Social Security Act the level of*  
26 *which has been found by the Secretary to have been specifi-*

1 cally increased so as to include the bonus value of food  
2 stamps.

3 **INDIVIDUALS DEEMED TO BE DISABLED UNDER THE**

4 **SUPPLEMENTAL SECURITY INCOME PROGRAM**

5 **SEC. 123.** Section 1614(a)(3) of the Social Security

6 Act is amended—

7 (1) by striking out the last sentence of subpara-  
8 graph (A); and

9 (2) by inserting at the end thereof the following  
10 new subparagraph:

11 “(E) Notwithstanding the provisions of subpara-  
12 graphs (A) through (D), an individual shall also be  
13 considered to be disabled for purposes of this title if he  
14 is permanently and totally disabled as defined under a  
15 State plan approved under title XIV or XVI as in effect  
16 for October 1972 and received aid under such plan (on  
17 the basis of disability) for December 1973 (and for at  
18 least one month prior to July 1973), so long as he is  
19 continuously disabled as so defined.”.

20 **SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING**

21 **IN AID TO FAMILIES WITH DEPENDENT CHILDREN**

22 **HOUSEHOLD**

23 **SEC. 124.** (a) Section 212(a)(3)(A) of Public Law  
24 93-66 is amended by striking out “subparagraph (D)” and  
25 inserting in lieu thereof “subparagraphs (D) and (E)”.

26 (b) Section 212(a)(3) of Public Law 93-66 is

1 *amended by adding at the end thereof the following new sub-*  
2 *paragraph:*

3       “(E)(i) *In the case of an individual who, for Decem-*  
4 *ber 1973 lived as a member of a family unit other members of*  
5 *which received aid (in the form of money payments) under a*  
6 *State plan of a State approved under part A of title IV*  
7 *of the Social Security Act, such State at its option, may (sub-*  
8 *ject to clause (ii)) reduce such individual's December 1973*  
9 *income (as determined under subparagraph (B)) to such*  
10 *extent as may be necessary to cause the supplementary pay-*  
11 *ment (referred to in paragraph (2)) payable to such in-*  
12 *dividual for January 1974 or any month thereafter to be*  
13 *reduced to a level designed to assure that the total income of*  
14 *such individual (and of the members of such family unit)*  
15 *for any month after December 1973 does not exceed the total*  
16 *income of such individual (and of the members of such*  
17 *family unit) for December 1973.*

18       “(ii) *The amount of the reduction (under clause (i))*  
19 *of any individual's December 1973 income shall not be in*  
20 *an amount which would cause the supplementary payment*  
21 *(referred to in paragraph (2)) payable to such individual*  
22 *to be reduced below the amount of such supplementary pay-*  
23 *ment which would be payable to such individual if he had, for*  
24 *the month of December 1973 not lived in a family unit re-*  
25 *ferred to in clause (i), and had had no income for such month*

1 *other than that received as aid or assistance under a State*  
2 *plan approved under title I, X, XIV, or XVI of the Social*  
3 *Security Act.”*

4 *DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING*  
5 *AMOUNT OF SUPPLEMENTAL SECURITY INCOME BEN-*  
6 *EFITS*

7 *SEC. 125. Section 1612(b)(2) of the Social Security*  
8 *Act (as enacted by section 301 of the Social Security Amend-*  
9 *ments of 1972) is amended—*

10 *(1) by inserting “(A)” immediately after “(2)”,*  
11 *and*

12 *(2) by adding at the end thereof the following new*  
13 *subparagraph:*

14 *“(B) monthly (or other periodic) payments re-*  
15 *ceived by an individual (or his eligible spouse) under a*  
16 *program established prior to July 1, 1973, if such*  
17 *payments are made by the State of which the individual*  
18 *receiving such payments is a resident, and if eligibility of*  
19 *any individual for such payments is not based on need*  
20 *and is based solely on attainment of age 65 and duration*  
21 *of residence in excess of 24 years in such State by such*  
22 *individual;”.*

23 *CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS*

24 *SEC. 126. (a) If any State (other than the Common-*  
25 *wealth of Puerto Rico, the Virgin Islands, or Guam) has*

1 *any experimental, pilot, or demonstration project (referred*  
2 *to in section 1115 of the Social Security Act)—*

3 *(1) which (prior to October 1, 1973) has been*  
4 *approved by the Secretary of Health, Education, and*  
5 *Welfare (hereinafter in this section referred to as the*  
6 *“Secretary”), for a period which ends on or after De-*  
7 *cember 31, 1973, as being a project with respect to which*  
8 *the authority conferred upon him by subsection (a) or*  
9 *(b) of such section 1115 will be exercised, and*

10 *(2) with respect to the costs of which Federal finan-*  
11 *cial participation would (except for the provisions of*  
12 *this section) be denied or reduced on account of the en-*  
13 *actment of section 301 of the Social Security Amend-*  
14 *ments of 1972,*

15 *then, for any period (after December 31, 1973) with re-*  
16 *spect to which such project is approved by the Secretary,*  
17 *Federal financial participation in the costs of such project*  
18 *shall be continued in like manner as if—*

19 *(3) such section 301 had not been enacted, and*

20 *(4) such State (for the month of January 1974*  
21 *and any month thereafter) continued to have in effect the*  
22 *State plan (approved under title XVI) which was in*  
23 *effect for the month of October 1973, or the State plans*  
24 *(approved under titles I, X, and XIV of the Social*

1       *Security Act) which were in effect for such month, as the*  
2       *case may be.*

3       ***(b) With respect to individuals—***

4           ***(1) who are participants in any project to which***  
5       ***the provisions of subsection (a) are applicable, and***

6           ***(2) with respect to whom supplemental security in-***  
7       ***come benefits are (or would, except for their participa-***  
8       ***tion in such project, be) payable under title XVI of the***  
9       ***Social Security Act, or who meet the requirements for***  
10       ***aid or assistance under a State plan approved under***  
11       ***title I, X, XIV, or XVI of the Social Security Act of***  
12       ***the State in which such project is conducted (as such***  
13       ***State plan was in effect for July 1973).***

14       ***the Secretary may waive such requirements of title XVI of***  
15       ***such Act (as enacted by section 301 of the Social Security***  
16       ***Amendments of 1972) to such extent as he determines to be***  
17       ***necessary to the successful operation of such project.***

18       ***(c) In the case of any State which has entered into***  
19       ***an agreement with the Secretary under section 1616 of the***  
20       ***Social Security Act (or which is deemed, under section 212***  
21       ***(d) of Public Law 93-66, to have entered into such an***  
22       ***agreement), then, of the costs of any project of such State***  
23       ***with respect to which there is (solely by reason of the provi-***  
24       ***sions of subsection (a)) Federal financial participation, the***  
25       ***non-Federal share thereof shall—***



1           (1) be paid, from time to time, to such State by  
2           the Secretary, and

3           (2) shall, for purposes of section 1616(d) of the  
4           Social Security Act and section 401 of the Social Secu-  
5           rity Amendments of 1972, be treated in like manner as if  
6           such non-Federal share were supplementary payments  
7           made by the Secretary on behalf of such State pursuant  
8           to such agreement.

9           AUTHORITY FOR SURVIVING SPOUSE OF DECEASED SSI

10           BENEFICIARY TO CASH JOINT CHECK

11           SEC. 127. Section 1631(d)(1) of the Social Security  
12           Act is amended by striking out "and (f)" and inserting in  
13           lieu thereof "(f), and (n)".

14           ARRANGEMENTS WITH STATES TO ACT AS THE SECRE-

15           TARY'S AGENT IN MAKING BENEFITS PAYMENTS

16           SEC. 128. (a) Section 1631(a) of the Social Security  
17           Act is amended by adding the following new subsection:

18           “(g) The Secretary may enter into arrangements with  
19           States under which such States will in emergency circum-  
20           stances act as the Secretary's agent in making benefit pay-  
21           ments under this title. The cost of any such paymentse made  
22           by States under such arrangements shall be reimbursed by  
23           the Secretary.”

24           (b) Subsection (a) of this section shall be effective  
25           January 1, 1974.

1 *DISREGARD, UNDER MANDATORY MINIMUM STATE SUPPLE-*  
2 *MENTATION OF SSI BENEFITS PROGRAM, OF SUPPLE-*  
3 *MENTAL SECURITY INCOME INCREASES AND OF OLD-*  
4 *AGE, SURVIVORS, AND DISABILITY INSURANCE IN-*  
5 *CREASES*

6 *SEC. 129. For purposes of determining, under section*  
7 *212(a)(3)(C) of Public Law 93-66, the amount of any*  
8 *income of any individual for any month referred to in such*  
9 *section, there shall be disregarded (1) in the case of any*  
10 *individual, so much of any supplemental security income*  
11 *benefit payable under title XVI of the Social Security Act to*  
12 *such individual for such month as is attributable to any*  
13 *increase in supplemental security income benefits payable*  
14 *under such title resulting from the enactment of section 210 of*  
15 *Public Law 93-66 (or any provision contained in the pre-*  
16 *ceding provisions of this title), and (2) in the case of any*  
17 *individual who for such month receives a monthly insurance*  
18 *benefit to which he is entitled under title II of such Act, so*  
19 *much of such monthly benefit as is attributable to any increase*  
20 *in social security benefits resulting from the enactment of sec-*  
21 *tion 201 of Public Law 93-66 (or any provision contained*  
22 *in the preceding provisions of this title), and (3) in the case*  
23 *of any individual who is entitled to annuity or pension*  
24 *under the Railroad Retirement Act of 1937 or the Railroad*  
25 *Retirement Act of 1935, so much of the regular monthly pay-*

1 *ment to which such individual is entitled as annuity or pen-*  
 2 *sion thereunder by reason of the first proviso in section 3(e)*  
 3 *of the Railroad Retirement Act of 1937 which results from the*  
 4 *enactment of section 201 of Public Law 93-66 (or any*  
 5 *provision contained in the preceding provisions of this title).*

6 *EXCLUSION FROM RESOURCES OF INDIVIDUAL'S HOME*

7 *SEC. 130. Section 1613(a)(1) of the Social Security*  
 8 *Act is amended by inserting "(after taking into account the*  
 9 *values of other homes in the region and area in which such*  
 10 *home is located)" after "determines".*

11 *DETERMINATION OF INCOME IN CASE OF INDIVIDUAL*  
 12 *LIVING IN HOME OF ANOTHER PERSON*

13 *SEC. 130A. Section 1612(a)(2)(A) of the Social Secu-*  
 14 *rity Act is amended by striking out "shall be reduced by*  
 15 *33 $\frac{1}{3}$  percent in lieu of including such support and mainte-*  
 16 *nance in the unearned income of such individual (and such*  
 17 *spouse) as otherwise required by this subparagraph" and*  
 18 *inserting in lieu thereof the following: "shall, in lieu of in-*  
 19 *cluding such support and maintenance in the unearned in-*  
 20 *come of such individual (and such spouse) as otherwise*  
 21 *required by this subparagraph, be reduced by an amount*  
 22 *equal to 33 $\frac{1}{3}$  percent (except that the amount of any reduc-*  
 23 *tion under this subparagraph with respect to any such indi-*  
 24 *vidual (and spouse) shall be reduced, but not by more than*  
 25 *100 percent, by the amount, if any, actually paid by such*

1 *individual (and spouse) to such person for the support and*  
2 *maintenance received in kind from such person)*".

3 *VALUE OF RESOURCES TO BE REDUCED BY ENCUMBRANCES*

4 *THEREON*

5 *SEC. 130B. The last sentence of section 1613(a) of the*  
6 *Social Security Act is amended (1) by inserting "(1)"*  
7 *immediately after "individual (or eligible spouse)", and (2)*  
8 *by inserting immediately before the period at the end thereof*  
9 *the following: ", and (2) the value of any resource which*  
10 *has an encumbrance thereon shall be deemed to be the value*  
11 *of such resource as reduced by such encumbrance"*.

12 *EXCLUSION FROM INCOME OF CERTAIN EDUCATION EX-*  
13 *PENSES PAID FOR BY GRANTS, FELLOWSHIPS, OR*  
14 *SCHOLARSHIPS*

15 *SEC. 130C. Section 1612(b)(7) of the Social Security*  
16 *Act is amended by inserting, immediately before the period*  
17 *at the end thereof, the following: ", for use in paying for*  
18 *books, supplies, and services needed in connection with at-*  
19 *tendance at such institution, or for use to defray other*  
20 *expenses reasonably attributable to attendance at such insti-*  
21 *tution but including, in the case of living expenses, only so*  
22 *much thereof as is in excess of the living expenses which*  
23 *would have been incurred by or with respect to such individ-*  
24 *ual if he had not been attending such institution"*.

1           *PART D—SOCIAL SERVICES AMENDMENTS*  
2    *AMENDMENTS TO PROVISION LIMITING FEDERAL FUNDS*  
3                           *FOR SOCIAL SERVICES*

4       *SEC. 131. (a) Section 1130 of the Social Security Act*  
5    *is amended by redesignating subsection (c) as subsection*  
6    *(f), and by inserting after subsection (b) the following new*  
7    *subsections:*

8        “(c) *Nothing in subsection (a) or (b) of this section or*  
9    *in title I, IV, VI, X, XIV, or XVI shall be construed to*  
10   *restrict the freedom of a State (with respect to social services*  
11   *the cost of which is shared by the Federal Government under*  
12   *any such title and to which subsections (a) and (b) are ap-*  
13   *plicable) to determine what services it will make available*  
14   *under its State plan approved under such title, the persons*  
15   *eligible for such services, the manner in which such services*  
16   *are provided, and any limitations or conditions on the receipt*  
17   *of such services, to the extent that such services are social serv-*  
18   *ices (as determined by the State) and the Federal share of*  
19   *their aggregate cost does not exceed the allocation to the State*  
20   *(for the fiscal year involved) under this section (or section*  
21   *132 of the Social Security Amendments of 1973); except that*  
22   *nothing in this subsection shall be construed to relieve any*  
23   *State which has a State plan approved under part A of title*  
24   *IV from complying with the requirements imposed by section*

1 402(a) with respect to the provision of social services to re-  
2 cipients of aid under such plan.

3 “(d) For purposes of subsection (c) and for purposes  
4 of part A of title IV, VI, X, XIV, and XVI, the services  
5 referred to in subsection (c) as ‘social services’—

6 “(1) shall be such services as each State determines  
7 to be appropriate for meeting any of the following  
8 specific goals:

9 “(A) Self-support goal: To achieve and main-  
10 tain the maximum feasible level of employment and  
11 economic self-sufficiency;

12 “(B) Family-care or self-care goal: To  
13 strengthen family life and to achieve and maintain  
14 maximum personal independence, self-determination,  
15 and security in the home, including, for children,  
16 the achievement of maximum potential for eventual  
17 independent living, and to prevent or remedy neglect,  
18 abuse, or exploitation of children;

19 “(C) Community-based care goal: To secure  
20 and maintain community-based care which approxi-  
21 mates a home environment, when living at home is  
22 not feasible and institutional care is inappropriate;  
23 or

24 “(D) Institutional care goal: To secure appro-

1        *priate institutional care when other forms of care are*  
2        *not feasible; and*

3        *“(2) include the following services:*

4                *“(A) child care services for children, to meet*  
5        *the needs of a child for personal care, protection, and*  
6        *supervision, but only in the case of a child where the*  
7        *provision of such service is needed (i) in order to*  
8        *enable a member of such child’s family to accept or*  
9        *continue in employment, or to participate in educa-*  
10       *tion or training to prepare such member for em-*  
11       *ployment, or (ii) because of the death, continued*  
12       *absence from the home, incapacity or inability of*  
13       *the child’s mother, or the inability of any member of*  
14       *such child’s family to provide adequate care and*  
15       *supervision for such child;*

16                *“(B) child care services for children with spe-*  
17       *cial needs, including services provided when appro-*  
18       *priate, as determined by the State, for eligible chil-*  
19       *dren who are mentally retarded or otherwise have*  
20       *special social or developmental needs;*

21                *“(C) services for children in foster care, in-*  
22       *cluding services provided to a child who is under or*  
23       *awaiting foster care and including preventive diag-*  
24       *nostic and curative health services not furnished un-*

1            *der the State's title XIX plan, provided to or on be-*  
2            *half of a child who is or has within ninety days*  
3            *been receiving maintenance, care, and supervision*  
4            *in the form of foster care in a foster family home or*  
5            *child care institution (as those terms are defined in*  
6            *the last paragraph of section 408) or who is await-*  
7            *ing placement in such a home or institution, or pro-*  
8            *vided to a child in or by a nonresidential diagnostic*  
9            *or treatment facility. Such services shall be available*  
10           *whether they are rendered directly by the providers*  
11           *of foster care or by the nonresidential facility, or are*  
12           *otherwise provided or obtained for the child by the*  
13           *State when such services are needed in order for the*  
14           *child to return to or remain in his own home, the*  
15           *home of another relative, or an adoptive home, or*  
16           *to continue in foster care as appropriate. Such serv-*  
17           *ices also include services related to the relinquish-*  
18           *ment of children for adoption and the placement of*  
19           *children in adoptive homes, and activities to develop*  
20           *and recruit, study, approve, and subsequently eval-*  
21           *uate out of home care resources for foster care;*

22           *“(D) protective services for children, including*  
23           *multidisciplinary (medical, legal, social, and other)*  
24           *services for the following purposes: identification,*  
25           *investigation, and response to incidents or evidence*



1           *of neglect, abuse, or exploitation of a child; helping*  
2           *parents and others to recognize the causes thereof*  
3           *and strengthening the ability of families to provide*  
4           *acceptable care; or, if that is not possible, bringing*  
5           *the situation to the attention of appropriate courts*  
6           *or law enforcement agencies, furnishing relevant*  
7           *data, and providing followup services;*

8           “(E) family planning services (including so-  
9           *cial, educational, and medical services for any fe-*  
10           *male of child-bearing age and any other appropriate*  
11           *individual needing such services): Provided, That*  
12           *individuals must be assured choice of method, and*  
13           *acceptance of any such services must be voluntary*  
14           *on the part of the individual and may not be a pre-*  
15           *requisite or impediment to eligibility for any other*  
16           *service;*

17           “(F) protective services for adults, including  
18           *identifying and helping to correct hazardous living*  
19           *conditions or situations of potential or actual neglect*  
20           *or exploitation of an individual who is unable to*  
21           *protect or care for himself;*

22           “(G) services for adults in foster care not avail-  
23           *able under titles XVI, XVIII, and XIX, services for*  
24           *adults in twenty-four-hour foster homes or group*  
25           *care in other than medical institutions, including*

1           *assessment of need for such care, finding of foster*  
2           *homes and institutional resources, making arrange-*  
3           *ments for placement, supervision, and periodic review*  
4           *while in placement, counseling services for the adult*  
5           *individuals and their families, and services to assist*  
6           *adults in leaving foster care to attain independent*  
7           *living;*

8           “(H) *homemaker services for individuals in*  
9           *their own homes, including helping individuals to*  
10          *overcome specific barriers to maintaining, strengthen-*  
11          *ing, and safeguarding their functioning in the home,*  
12          *through the services of a trained and supervised*  
13          *homemaker;*

14          “(I) *chore services including the performance*  
15          *of household tasks, essential shopping, simple house-*  
16          *hold repairs, and other light work necessary to enable*  
17          *an individual to remain in his own home when he is*  
18          *unable to perform such tasks himself and they do not*  
19          *require the services of a trained homemaker or other*  
20          *specialist;*

21          “(J) *home delivered or congregate meals and*  
22          *the preparation and delivery of hot meals to an indi-*  
23          *vidual in his home or in a central dining facility, to*  
24          *assist the individual to remain in his home, and to*  
25          *assure sound nutrition;*

1           “(K) day care services for adults, including  
2 meal preparation and serving, companionship, edu-  
3 cational and recreational activities, and rehabilitation  
4 activity when provided for less than a twenty-four-  
5 hour period in a group or family setting;

6           “(L) health-related services, including helping  
7 individuals to identify health (including mental  
8 health) needs and assisting individuals to secure  
9 diagnostic, preventive, remedial, ameliorative, and  
10 other needed health services and helping to expedite  
11 return to community living from institutional care  
12 when discharge is medically recommended;

13           “(M) home management and other functional  
14 educational services, including formal or informal  
15 instruction and training in management of house-  
16 hold budgets, maintenance and care of the home,  
17 preparation of food, nutrition, consumer education,  
18 child rearing, and health maintenance:

19           “(N) housing improvement services, including  
20 helping individuals to obtain or retain adequate  
21 housing, and minor repairs necessary for personal  
22 protection;

23           “(O) a full range of legal services, at the op-  
24 tion of the State, for persons desiring assistance with  
25 legal problems, including services to establish pa-

1            *ternity and child support and services related to*  
2            *adoption;*

3            *“(P) transportation services necessary to travel*  
4            *to and from community facilities or resources for*  
5            *receipt of services;*

6            *“(Q) educational and training services for*  
7            *adult family members and services to assist chil-*  
8            *dren to obtain education and training to their fullest*  
9            *capacities, where there are needs not met by the work*  
10           *incentive program; and vocational rehabilitation*  
11           *services as defined in the Vocational Rehabilitation*  
12           *Act when provided pursuant to an agreement with*  
13           *the State agency administering the vocational re-*  
14           *habilitation program;*

15           *“(R) employment services to enable individuals*  
16           *to secure paid employment or training leading to*  
17           *such employment, including vocational, educational,*  
18           *social, and psychological diagnostic assessments to*  
19           *determine potential for job training or employment*  
20           *and other services that will assist in the individual’s*  
21           *plan for achieving full or partial self-support, where*  
22           *there are needs not met by the work incentive*  
23           *program;*

24           *“(S) information, referral, followup and de-*

1           *termination of eligibility and the need for services,*  
2           *without regard to individual eligibility criteria;*

3           “(T) *special services for the mentally retarded,*  
4           *or special adaptations of generic services, directed*  
5           *toward alleviating a developmental handicap or*  
6           *toward the social, personal, or economic habilitation*  
7           *of an individual of subaverage intellectual function-*  
8           *ing associated with impairment of adaptive behavior*  
9           *as defined and determined by the State agency, with*  
10          *such services including but not limited to personal*  
11          *care, day care, training, sheltered employment, rec-*  
12          *reation, counseling of the retarded individual and*  
13          *his family, protective and other social and socio-*  
14          *legal services, information and referral, follow along*  
15          *services, transportation necessary to deliver such*  
16          *services, diagnostic and evaluation services, and sim-*  
17          *ilar special services for other individuals requiring*  
18          *such services because of developmental disability;*

19          “(U) *special services for the blind to alleviate*  
20          *the handicapping effects of blindness through train-*  
21          *ing in mobility, personal care, home management,*  
22          *and communication skills; special aids and appli-*  
23          *ances; and special counseling for caretakers of blind*  
24          *children and adults;*

1           “(V) services for alcoholism and drug addiction  
2           for an individual who is becoming dependent on or is  
3           addicted to alcohol or other drugs as determined by  
4           the standards set by the State agency designated by  
5           the State under the Comprehensive Alcohol Abuse  
6           and Treatment Act of 1970 and the Drug Abuse and  
7           Treatment Act of 1972, if such services are needed  
8           as part of a program for prevention or treatment of  
9           addiction or the conditions arising from misuse of  
10          alcohol or other drugs, including but not limited to  
11          social and rehabilitative services for resident patients  
12          receiving services in a supportive environment (such  
13          as a halfway house, hostel, or foster home) and  
14          including medical services (such as psychiatric  
15          services) incidental to the provision of a social  
16          service;

17           “(W) special services for the emotionally dis-  
18          turbed as defined by the State;

19           “(X) special services for the physically handi-  
20          capped as defined by the State; and

21           “(Y) any other services which the State finds  
22          appropriate for meeting the goals of self-support,  
23          family care or self-care, community-based care, or  
24          institutional care.

1       “(e)(1) Effective July 1, 1974, Federal financial  
2 assistance which is subject to the limitation imposed by  
3 subsections (a) and (b) shall be available for a new  
4 purchase of services from a public agency (other than the  
5 single State agency) only for services beyond those repre-  
6 sented by the expenditures for the previous fiscal year of  
7 the provider agency (or its predecessor) for the type of  
8 service and type of persons covered by the agreement.

9       “(2) A purchase of services in any fiscal year shall  
10 not be considered a new purchase of services to the extent  
11 that an equivalent purchase of services from the same pro-  
12 vider agency (or its predecessor) was made in any of the  
13 three preceding fiscal years and was included in the ex-  
14 penditures for which Federal financial participation was  
15 provided under titles I, VI, X, XIV, or XVI, or Part A  
16 of title IV.”

17       (b) Subsection (a) of section 1130 of such Act is  
18 amended by striking out the matter therein which begins with  
19 “to assure that—” and ends with the period at the end thereof,  
20 and inserting in lieu of the matter stricken the following:  
21 “to assure that the total amount paid to such State (under  
22 all of such sections) for such fiscal year for such services  
23 does not exceed the allotment of such State (as determined  
24 under subsection (b)).”.





1           (ii) the aggregate of the amounts allotted to all  
2           States under clause (A),  
3           as the population of such State bears to the population of  
4           all States.

5           (2) If the aggregate of the allotments made pursuant to  
6           paragraph (1) is in excess of \$1,900,000,000, the Secretary  
7           shall reduce the allotment of each State, on a pro rata basis,  
8           until the aggregate of the allotments for all States does not  
9           exceed \$1,900,000,000.

10          (c)(1) In addition to the amount allotted to any State  
11          under the preceding subsections of this section for the fiscal  
12          year ending June 30, 1974, the Secretary may make an  
13          additional allotment for such year to such State in accordance  
14          with this subsection.

15          (2) The aggregate of the allotments made pursuant to  
16          this subsection shall not exceed the lesser of (A) \$50,000,000  
17          or (B) the amount by which the aggregate of the amounts al-  
18          located under subsection (b) is less than \$1,900,000,000.

19          (3) Allotments under this subsection shall be made, in  
20          the following order of priority, to such States and in such  
21          amounts as the Secretary deems to be appropriate—

22                (A) first, in order to assure that, for the fiscal year  
23                ending June 30, 1974, no State is paid less from Federal  
24                funds with respect to expenditures incurred by it for

1 *services (of the type, and under the programs to which*  
2 *the allotment of such State, as determined under subsection*  
3 *tion (b) of section 1130 of the Social Security Act, is*  
4 *applicable) than such State was paid from Federal*  
5 *funds with respect to such expenditures for the fiscal*  
6 *year ending June 30, 1973: Provided, That no payment*  
7 *under this clause shall exceed the amount by which the*  
8 *allotment applicable to such State for the fiscal year end-*  
9 *ing June 30, 1973 under section 1130(b) of the Social*  
10 *Security Act was increased by reason of the enactment of*  
11 *section 403 of the Social Security Amendments of 1972,*  
12 *(B) second, provide additional Federal financial*  
13 *assistance to any State (I) the allotment of which, as*  
14 *determined under subsection (b), is substantially less*  
15 *than the allotment of such State under section 1130 of*  
16 *the Social Security Act (as determined without regard*  
17 *to this section), and (II) which can demonstrate (to*  
18 *the satisfaction of the Secretary) that it had, prior to*  
19 *November 15, 1973, planned an expansion of its social*  
20 *services programs during the remainder of the fiscal*  
21 *year ending June 30, 1974, which would require such*  
22 *additional Federal financial assistance, except that the*  
23 *amount of the allotment made to any State under this*  
24 *subparagraph shall not exceed an amount which, when*  
25 *added to its allotment as determined under subsections*

1       (b) and (d) of this section, is equal to its allotment  
2       determined under section 1130 of the Social Security Act  
3       (as determined without regard to this section), and

4               (C) third, to provide additional Federal financial  
5       assistance to States which can demonstrate (to the satis-  
6       faction of the Secretary) that if an allotment is made to  
7       such State under this subparagraph, the amount of such  
8       allotment will be utilized so as to produce a significant  
9       cost benefit (as determined pursuant to regulations which  
10      shall be promulgated by the Secretary).

11       (d) (1) If the Secretary determines that the amount of  
12      the allotment (as determined under the preceding provisions of  
13      this section) of any State is in excess of the amount needed by  
14      the State for purposes for which such allotment is made, he  
15      shall reallocate the amount of such excess among other States each  
16      of which has need (for purposes for which the allotment under  
17      the preceding provisions of this section is made) of amounts  
18      in excess of the amount of its allotment (as determined under  
19      the preceding provisions of this section).

20       (2) Whenever amounts are reallocated among States by  
21      the Secretary pursuant to paragraph (1), the amount re-  
22      allocated to each such State shall bear the same ratio to the total  
23      amount being reallocated as the population of such State bears  
24      to the population of all the States to which such reallocation is  
25      being made.



1           *clauses (i) and (ii) which the State determines*  
2           *to be appropriate for individuals who have been*  
3           *or are likely to become (as determined by the*  
4           *State) applicants for or recipients of assistance*  
5           *under the plan, if such services are requested by*  
6           *and provided to such individuals, or”;*

7           *(C) by striking out subparagraph (B) and re-*  
8           *designating subparagraph (C) as subparagraph (B);*  
9           *and*

10           *(D) by striking out all that follows subparagraph*  
11           *(C).*

12           *(2) Section 3(a)(5) of such Act is repealed.*

13           *(3) Section 3(c) of such Act is repealed.*

14           *(b) Section 403(a)(3) of the Social Security Act is*  
15           *amended—*

16           *(1) by striking out “described in”, in subparagraph*  
17           *(A)(i), and inserting in lieu thereof “which the State*  
18           *determines should be provided, including those described*  
19           *in”;*

20           *(2) by striking out “clauses (14) and (15) of sec-*  
21           *tion 402(a)”, in subparagraph (A)(ii), and inserting*  
22           *in lieu thereof “subparagraph (A)(i)”;*

23           *(3) by striking out “, within such period or periods*  
24           *as the Secretary may prescribe,” in subparagraph (A)*

1       (ii), and inserting in lieu thereof “as determined by the  
2       State”; and

3           (4) by striking out all that follows subparagraph  
4       (B).

5       (c)(1) Section 1003(a)(3) of the Social Security Act  
6       is amended—

7           (A) by striking out “whose State plan approved  
8       under section 1002 meets the requirements of subsection  
9       (c)(1)” in the matter preceding subparagraph (A);

10          (B) by striking out clauses (i), (ii), and (iii) of  
11       subparagraph (A) and inserting in lieu thereof the fol-  
12       lowing:

13               “(i) services which are provided to appli-  
14               cants for or recipients of aid to the blind to help  
15               them attain or retain capability for self-support  
16               or self-care, or

17               “(ii) other services which (as determined  
18               by the State) are likely to prevent or reduce  
19               dependency and which are provided to such  
20               applicants or recipients, or

21               “(iii) any of the services described in  
22               clauses (i) and (ii) which the State determines  
23               to be appropriate for individuals who have been  
24               or are likely to become (as determined by the  
25               State) applicants for or recipients of aid to

1           *the blind, if such services are requested by*  
2           *and provided to such individuals, or”;*

3           *(C) by striking out subparagraph (B) and redesignig-*  
4           *ating subparagraph (C) as subparagraph (B); and*  
5           *(D) by striking out all that follows subparagraph*  
6           *(C).*

7           *(2) Section 1003(a)(4) of such Act is repealed.*

8           *(3) Section 1003(c) of such Act is repealed.*

9           *(d)(1) Section 1403(a)(3) of the Social Security Act*  
10          *is amended—*

11           *(A) by striking out “whose State plan approved*  
12           *under section 1402 meets the requirements of subsection*  
13           *(c)(1)” in the matter preceding subparagraph (A);*

14           *(B) by striking out clauses (i), (ii), and (iii)*  
15           *of subparagraph (A) and inserting in lieu thereof the*  
16           *following:*

17                   *“(i) services which are provided to appli-*  
18                   *cants for or recipients of aid to the permanently*  
19                   *and totally disabled to help them attain or re-*  
20                   *tain capability for self-support or self-care, or*

21                   *“(ii) other services which (as determined*  
22                   *by the State) are likely to prevent or reduce*  
23                   *dependency and which are provided to such ap-*  
24                   *plicants or recipients, or*

25                   *“(iii) any of the services described in clauses*

1           *clauses (i) and (ii) which the State determines*  
2           *to be appropriate for individuals who have been*  
3           *or are likely to become (as determined by the*  
4           *State) applicants for or recipients of aid to the*  
5           *permanently and totally disabled, if such serv-*  
6           *ices are requested by and provided to such*  
7           *individuals, or”;*

8           *(C) by striking out subparagraph (B) and redес-*  
9           *ignating subparagraph (C) as subparagraph (B); and*  
10          *(D) by striking out all that follows subparagraph*  
11          *(C).*

12          *(2) Section 1403(a)(4) of such Act is repealed.*

13          *(3) Section 1403(c) of such Act is repealed.*

14          *(e)(1) Section 1603(a)(4) of the Social Security Act*  
15          *is amended—*

16                *(A) by striking out “whose State plan approved*  
17                *under section 1602 meets the requirements of subsec-*  
18                *tion (c)(1)” in the matter preceding subparagraph*  
19                *(A);*

20                *(B) by striking out clauses (i), (ii), and (iii) of*  
21                *subparagraph (A) and inserting in lieu thereof the*  
22                *following:*

23                        *“(i) services which are provided to appli-*  
24                        *cants for or recipients of aid or assistance under*



1           *the plan to help them attain or retain capability*  
2           *for self-support or self-care, or*

3           “(ii) *other services which (as determined*  
4           *by the State) are likely to prevent or reduce*  
5           *dependency and which are provided to such*  
6           *applicants or recipients, or*

7           “(iii) *any of the services described in*  
8           *clauses (i) and (ii) which the State determines*  
9           *to be appropriate for individuals who have been*  
10           *or more likely to become (as determined by the*  
11           *State) applicants for or recipients of aid or*  
12           *assistance under the plan, if such services are*  
13           *requested by and provided to such individuals,*  
14           *or”;*

15           *(C) by striking out subparagraph (B) and redesi-*  
16           *gnating subparagraph (C) as subparagraph (B); and*

17           *(D) by striking out all that follows subparagraph*  
18           *(C).*

19           *(2) Section 1603(a)(5) of such Act is repealed.*

20           *(3) Section 1603(c) of such Act is repealed.*

21           *(f)(1) Section 603(a) of the Social Security Act (as*  
22           *added by the Social Security Amendments of 1972) is*  
23           *amended to read as follows:*

24           “(a) *From the sums appropriated therefor, the Secretary*

1 shall, subject to section 1130, pay to each State which has  
2 a plan approved under this title, for each quarter, an amount  
3 equal to the sum of the following proportions of the total  
4 amounts expended during such quarter as found necessary  
5 by the Secretary of Health, Education, and Welfare for the  
6 proper and efficient administration of the State plan—

7 “(1) 75 per centum of so much of such expendi-  
8 tures as are for—

9 “(A) services which are provided to applicants  
10 for or recipients of supplemental security income  
11 benefits under title XVI to help them attain or re-  
12 tain capability for self-support or self-care, or

13 “(B) other services which (as determined by  
14 the State) are likely to prevent or reduce dependency  
15 and which are provided to such applicants or recipi-  
16 ents, or

17 “(C) any of the services described in clause  
18 (A) or (B) which the State determines to be appro-  
19 priate for individuals who have been or are likely to  
20 become (as determined by the State) applicants for  
21 or recipients of supplemental security income bene-  
22 fits under title XVI, if such services are requested by  
23 and provided to such individuals, or

24 “(D) the training of personnel employed or  
25 preparing for employment by the State agency or

1           *by the local agency administering the plan in the*  
2           *political subdivision; plus*

3           *“(2) one-half of the remainder of such expenditures.”*

4           *(2) Section 603(c) of such Act is repealed.*

5           *(g) Section 1130(a) of the Social Security Act is*  
6 *amended by striking out “section 3(a) (4) and (5), 403*  
7 *(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or*  
8 *1603(a) (4) and (5)” and inserting in lieu thereof*  
9 *“section 3(a)(4), 403(a)(3), 1003(a)(3), 1403(a)(3),*  
10 *or 1603(a)(4)”.*

11 *ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES*

12           *SEC. 134. Part A of title XI of the Social Security Act*  
13 *is amended by inserting, immediately after section 1130*  
14 *thereof, the following new section:*

15 *“ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES*

16           *“SEC. 1131. (a) Not later than June 30, 1975, and*  
17 *June 30 of each year thereafter, the Secretary shall submit*  
18 *to Congress a report on social services programs under sec-*  
19 *tions 3, 403, 603, 1003, 1403, and 1603. Such report shall*  
20 *include information on a State-by-State basis as to the*  
21 *amounts of funds expended for each type of service (classi-*  
22 *fied in such categories as the Secretary may determine to be*  
23 *appropriate), and such other data and information as may*  
24 *be appropriate.*

25           *“(b) The Secretary shall require the States to make*

1 *such reports concerning their use of Federal social services*  
 2 *funds which shall be the basis of the report required by sub-*  
 3 *section (a).”.*

4 *USE OF DONATED FUNDS IN PROVISION OF*  
 5 *SOCIAL SERVICES*

6 *SEC. 135. Part A of title XI of the Social Security Act*  
 7 *is amended by adding after section 1131 (as added by sec-*  
 8 *tion 134 of this Act) the following new section:*

9 *“USE OF DONATED FUNDS IN PROVISION OF*  
 10 *SOCIAL SERVICES*

11 *“SEC. 1132. For purposes of the services to which the*  
 12 *provisions of section 1130 are applicable, donated private*  
 13 *funds (including in-kind contributions, as defined in OMB*  
 14 *Circular A-102, as in effect on October 1, 1973) for services*  
 15 *shall be considered as State funds in claiming Federal re-*  
 16 *imbursement where such funds are transferred to the State*  
 17 *or local agency and under its administrative control and are*  
 18 *donated on an unrestricted basis (except that funds donated*  
 19 *to support a particular kind of activity in a named com-*  
 20 *munity shall be acceptable).”.*

21 *MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RE-*  
 22 *CEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS*

23 *SEC. 136. Part A of title XI of the Social Security Act*  
 24 *is amended by adding after section 1132 (as added by*  
 25 *section 135 of this Act) the following new section:*

1 "MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RE-  
2 CEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS

3 "SEC. 1133. In addition to other requirements imposed  
4 by law as a condition for the approval of a State plan under  
5 title VI of such Act, there is hereby imposed (effective  
6 January 1, 1974) the requirement that such plan provide  
7 for the furnishing of at least three types of services (se-  
8 lected by the State) for individuals who are recipients of  
9 supplementary security income benefits under title XVI  
10 and who are in need of such services."

11 REPORTING REQUIREMENTS FOR STATES WITH RESPECT  
12 TO SOCIAL SERVICES

13 SEC. 137. Part A of title XI of the Social Security Act  
14 is amended by adding after section 1133 (as added by sec-  
15 tion 136 of this Act) the following new section:

16 "REPORTING REQUIREMENTS FOR STATES WITH  
17 RESPECT TO SOCIAL SERVICES

18 "SEC. 1134. In addition to other requirements imposed  
19 by law as a condition of approval of a State plan under  
20 part A of title IV or under title VI, there is hereby imposed  
21 the requirement that such plan provide that, not later than  
22 45 days prior to the beginning of each fiscal year (com-  
23 mencing with the fiscal year which ends June 30, 1975)  
24 that such State shall compile, and make public, a list (with  
25 respect to social services to be provided for the coming fiscal

1 year under such plan) which indicates each type of service  
 2 which such State intends to provide (for such fiscal year)  
 3 under such plan, the anticipated expenditures (from both  
 4 State, local, and Federal sources) for such type of service  
 5 for such fiscal year, and the criteria to be imposed under  
 6 such plan to determine eligibility for each such type of serv-  
 7 ice. Nothing in this section shall be construed to limit the  
 8 right of any State to revise its plan (as referred to in the  
 9 preceding sentence) with respect to the provision of social  
 10 services for any fiscal year, or otherwise modify the condi-  
 11 tions and circumstances under which such services will be  
 12 provided thereunder, for or because of the fact that such  
 13 State shall have previously compiled and made public the  
 14 list referred to in the preceding sentence.”

15

*EFFECTIVE DATES*

16 *SEC. 138. The amendments made by sections 131, 133,*  
 17 *and 135 shall take effect on November 1, 1973.*

18

*CHILD-CARE STANDARDS*

19 *SEC. 139. Title IV-A of the Social Security Act is*  
 20 *amended by adding at the end thereof the following new*  
 21 *section:*

22

*“CHILD-CARE STANDARDS*

23 *“SEC. 410. Child day care services provided under the*  
 24 *Social Security Act shall meet the following standards: (1)*  
 25 *in-home care shall meet standards established by the State,*

1 *reasonably in accord with recommended standards of national*  
 2 *standards-setting organizations (such as the Child Welfare*  
 3 *League of America and the National Council of Homemaker-*  
 4 *Home Health Aid Services), and (2) out-of-home day care*  
 5 *facilities shall be licensed by the State or approved as meeting*  
 6 *the standards for such licensing, and shall comply with the*  
 7 *requirements of section 422(a)(1) of the Social Security*  
 8 *Act, and the provisions of the Federal Interagency Day Care*  
 9 *Requirements of 1968: Provided, That subdivision III of*  
 10 *such requirements with respect to educational services shall be*  
 11 *recommended to the States and not required, and that staffing*  
 12 *standards for school-age children and above in day care cen-*  
 13 *ters may be revised by the Secretary: Provided further, That*  
 14 *for children aged 10 to 14 such standards shall in no case*  
 15 *require fewer than 1 adult to 20 children, and for school-aged*  
 16 *children 9 and less years of age shall in no case require fewer*  
 17 *than 1 adult to 15 children."*

18 **PAYMENTS TO STATES FOR EDUCATIONAL PURPOSES**

19 **SEC. 140.** (a) *Section 3(a)(4)(A)(iv) of the Social*  
 20 *Security Act is amended by inserting "(including both*  
 21 *short- and long-term training at educational institutions*  
 22 *through grants to such institutions or by direct financial as-*  
 23 *sistance to students enrolled in such institutions)" following*  
 24 *"training".*

25 (b) *Section 403(a)(3)(A)(iii) of the Social Security*

1 Act is amended by inserting “(including both short- and  
2 long-term training at educational institutions through grants  
3 to such institutions or by direct financial assistance to stu-  
4 dents enrolled in such institutions)” following “training”.

5 (c) Section 603(a)(1)(A)(iv) of the Social Security  
6 Act is amended by inserting “(including both short- and  
7 long-term training at educational institutions through grants  
8 to such institutions or by direct financial assistance to stu-  
9 dents enrolled in such institutions)” following “training”.

10 (d) Section 1003(a)(3)(A)(iv) of the Social Security  
11 Act is amended by inserting “(including both short- and  
12 long-term training at educational institutions through grants  
13 to such institutions or by direct financial assistance to students  
14 enrolled in such institutions)” following “training”.

15 (e) Section 1403(a)(3)(A)(iv) of the Social Security  
16 Act is amended by inserting “(including both short- and  
17 long-term training at educational institutions through grants  
18 to such institutions or by direct financial assistance to stu-  
19 dents enrolled in such institutions)” following “training”.

20 (f) Section 1603(a)(4)(A)(iv) of the Social Security  
21 Act is amended by inserting “(including both short- and  
22 long-term training at educational institutions through grants  
23 to such institutions or by direct financial assistance to students  
24 enrolled at such institutions)” following “training”.





1 *ment of such fiscal year (and in accordance with regula-*  
2 *tions prescribed by the Secretary), certify to the Secretary*  
3 *whether the amount of its allotment is greater or less than*  
4 *the amount needed by the State, for uses for which the*  
5 *allotment is made, for such fiscal year and, if so, the amount*  
6 *by which such allotment is greater or less than such need.*

7       “(B). *If any State certifies, in accordance with subpara-*  
8 *graph (A), that its allotment for any fiscal year is greater*  
9 *than its need for such year, then the allotment of such State*  
10 *for such year shall be reduced by the excess of its allotment*  
11 *over its need, and the amount of such reduction shall be*  
12 *available for reallocation to other States for such fiscal year*  
13 *which have certified, pursuant to subparagraph (A), that*  
14 *the amount of their allotments for such year is less than*  
15 *their need for such year.*

16       “(C) *Of the amounts made available, pursuant to sub-*  
17 *paragraph (B), for reallocation for any fiscal year, the*  
18 *Secretary shall reallocate such amounts among the States which*  
19 *have certified (pursuant to subparagraph (A)) that the*  
20 *amount of their allotments is less than the amount of their*  
21 *need for such fiscal year. The amount reallocated to any such*  
22 *State for any fiscal year shall bear the same ratio to the*

1 *total amount available for reallocation for such year as the*  
2 *amount of such State's allotment (determined without regard*  
3 *to this paragraph) bears to the total amount allotted to all*  
4 *such States for such fiscal year (as so determined); except*  
5 *that there shall not be reallocated to any such State an amount*  
6 *which exceeds the excess of such State's allotment (as so*  
7 *determined) and the amount such State has (pursuant to*  
8 *subparagraph (A)) certified it would need for such year.*

9       “(D) Any amount reallocated to a State under this para-  
10 graph for any fiscal year shall, for purposes of subsection  
11 (a) of this section, be added to and deemed a part of such  
12 State's allotment for such year (as determined without re-  
13 gard to this paragraph).”

14           **PART E—CHILD WELFARE SERVICES**

15       **NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM**

16       *SEC. 141. Title IV of the Social Security Act is amended*  
17 *by inserting immediately after section 426 thereof the follow-*  
18 *ing new section:*

19       **“NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM**

20       *“SEC. 427. (a) The Secretary of Health, Education, and*  
21 *Welfare is hereby authorized to provide information, utilizing*

1 *computers and modern data processing methods, through a*  
 2 *national adoption information exchange system, to assist*  
 3 *in the placement of children awaiting adoption and in the*  
 4 *location of children, including cooperative efforts with any*  
 5 *similar programs operated by or within foreign countries,*  
 6 *and such other related activities as would further or facilitate*  
 7 *adoptions.*

8     “(b) *There are authorized to be appropriated \$1,000,000*  
 9 *for the fiscal year ending June 30, 1974, and such sums*  
 10 *as may be necessary for succeeding fiscal years, to carry out*  
 11 *this section.*”

12     **CHILD ABUSE, NEGLECT, AND PROTECTIVE SERVICES**

13     **SEC. 142. (a) Section 402(a)(16) of the Social Se-**  
 14 **curity Act is amended to read as follows:**

15             “(16) provide—

16                 “(A) *that the State agency will provide such*  
 17 *services as are necessary to aid the prevention, identi-*  
 18 *fication, and treatment of child abuse and neglect*  
 19 *and, wherever feasible, to make it possible for the*  
 20 *child to remain in the home; and*

21                 “(B) *that where the State agency has reason to*  
 22 *believe that the home in which a relative and child*  
 23 *receiving aid reside is unsuitable for the child be-*  
 24 *cause of the neglect, abuse, or exploitation of such*  
 25 *child it shall bring such condition to the attention of*

1           *the appropriate court or other agency, including law*  
2           *enforcement agencies, in the State providing such*  
3           *data with respect to the situation it may have;”.*

4           **(b) Section 422(a)(1) of such Act is amended—**

5           **(1) by striking out “and” at the end of subpara-**  
6           **graph (B); and**

7           **(2) by adding at the end of subparagraph (C) the**  
8           **following new subparagraph:**

9           **“(D) provides for the establishment and imple-**  
10           **mentation of protective services for children includ-**  
11           **ing, but not limited to—**

12           **“(i) procedures for the discovery and re-**  
13           **porting of instances of neglect or abuse of chil-**  
14           **dren, including a systematic method for receiv-**  
15           **ing reports of suspected or known instances of**  
16           **child abuse or neglect on a twenty-four-hour a**  
17           **day basis,**

18           **“(ii) use of the full resources of local com-**  
19           **munities including public and nonprofit agen-**  
20           **cies and organizations which provide services**  
21           **and activities that would be beneficial to a child**  
22           **and his parents or guardians,**

23           **“(iii) provisions of services, where feasible,**  
24           **to make it possible for the child to remain in the**  
25           **home,**

1           “(iv) cooperation with the appropriate  
2           courts and law enforcement officials in instances  
3           of child neglect and abuse, and

4           “(v) a central collection point for all data  
5           and information on child abuse and neglect,  
6           and”.

7           (c) The amendments made by subsections (a) and (b)  
8           shall be effective July 1, 1975: Provided, however, That the  
9           Secretary may at any time after the date of enactment of this  
10          Act approve changes in State plans under sections 402 and  
11          422 of the Social Security Act which have the effect of  
12          bringing such State plans into conformity with such amend-  
13          ments.

14                           **PART F—CHILD SUPPORT PROGRAMS**

15                   **CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY**

16                           **In General**

17           **SEC. 151. (a) Title IV of the Social Security Act is**  
18           **amended by adding after part C the following new part:**

19           **“PART D—CHILD SUPPORT AND ESTABLISHMENT OF**  
20                           **PATERNITY**

21                           **“APPROPRIATION**

22           **“SEC. 451. For the purpose of enforcing the support**  
23           **obligations owned by absent parents to their children, locating**  
24           **absent parents, establishing paternity, and obtaining child**  
25           **support, there is hereby authorized to be appropriated for**

1 each fiscal year a sum sufficient to carry out the purposes  
2 of this part.

3 "DUTIES OF THE SECRETARY

4 "SEC. 452. (a) The Secretary shall establish, within  
5 the Department of Health, Education, and Welfare a separate  
6 organizational unit, under the direction of the Assistant  
7 Secretary for Child Support, who shall report directly to  
8 the Secretary and who shall—

9 "(1) establish such standards for State programs  
10 for locating absent parents, establishing paternity, and  
11 obtaining child support as he determines to be necessary  
12 to assure that such programs will be effective;

13 "(2) establish minimum organizational and staffing  
14 requirements for State units engaged in carrying out  
15 such programs under plans approved under this part;

16 "(3) review and approve State plans for such pro-  
17 grams;

18 "(4) evaluate the implementation of State programs  
19 established pursuant to such plan, conduct such audits  
20 of State programs established under the plan approved  
21 under this part as may be necessary to assure their con-  
22 formity with the requirements of this part, and, not less  
23 often than annually, conduct a complete audit of the  
24 programs established under such plan in each State and  
25 determine for the purposes of the penalty provision of

1        *section 403(h) whether the actual operation of such pro-*  
2        *grams in each State conforms to the requirements of this*  
3        *part;*

4            *“(5) assist States in establishing adequate reporting*  
5        *procedures and maintain records of the operations of*  
6        *programs established pursuant to this part in each State;*

7            *“(6) maintain records of all amounts collected and*  
8        *disbursed under programs established pursuant to the*  
9        *provisions of this part and of the costs incurred in col-*  
10       *lecting such amounts;*

11           *“(7) provide technical assistance to the States to*  
12       *help them establish effective systems for collecting child*  
13       *support and establishing paternity;*

14           *“(8) receive applications from States for permis-*  
15       *sion to utilize the courts of the United States to enforce*  
16       *court orders for support against absent parents and,*  
17       *upon a finding that (A) another State has not under-*  
18       *taken to enforce the court order of the originating State*  
19       *against the absent parent within a reasonable time, and*  
20       *(B) that utilization of the Federal courts is the only*  
21       *reasonable method of enforcing such order, approve such*  
22       *applications;*

23           *“(9) operate the Parent Locator Service established*  
24       *by section 453;*

25           *“(10) establish or designate regional laboratories as*



1     *authorized by section 461 to provide services in analyzing*  
2     *and classifying blood for the purpose of establishing*  
3     *paternity; and*

4             *“(11) not later than June 30 of each year beginning*  
5     *after December 31, 1974, submit to the Congress a report*  
6     *on all activities undertaken pursuant to the provisions of*  
7     *this part.*

8             *“(b) The Secretary shall, upon the request of any State*  
9     *having in effect a State plan approved under this part, certify*  
10    *the amount of any child support obligation assigned to such*  
11    *State to the Secretary of the Treasury for collection pursuant*  
12    *to the provisions of section 6305 of the Internal Revenue*  
13    *Code of 1954. No amount may be certified for collection*  
14    *under this subsection except upon a showing by the State that*  
15    *such State has made diligent and reasonable efforts to collect*  
16    *such amounts utilizing its own collection mechanisms, and*  
17    *upon an agreement that the State will reimburse the United*  
18    *States for any costs involved in making the collection. The*  
19    *Secretary after consultation with the Secretary of the Treas-*  
20    *ury may, by regulation, establish criteria for accepting*  
21    *amounts for collection and for making certification under*  
22    *this subsection including imposing such limitations on the*  
23    *frequency of making such certifications under this subsection.*

24             *“(c) (1) There is hereby established in the Treasury a*  
25    *revolving fund which shall be available to the Secretary with-*

1 out fiscal year limitation, to enable him to pay to the States  
2 for distribution in accordance with the provisions of section  
3 457 such amounts as may be collected and paid (subject to  
4 paragraph (2)) into such fund under section 6305 of the In-  
5 ternal Revenue Code of 1954.

6 “(2) There is hereby appropriated to the fund, out of  
7 any moneys in the Treasury not otherwise appropriated,  
8 amounts equal to the amounts collected under section 6305  
9 of the Internal Revenue Code of 1954, reduced by the amounts  
10 credited or refunded as overpayments of the amounts so  
11 collected. The amounts appropriated by the preceding section  
12 shall be transferred at least quarterly from the general fund  
13 of the Treasury to the fund on the basis of estimates made by  
14 the Secretary of the Treasury. Proper adjustments shall be  
15 made in the amounts subsequently transferred to the extent  
16 prior estimates were in excess of or less than the amounts  
17 required to be transferred.

18 “PARENT LOCATOR SERVICE

19 “SEC. 453. (a) The Secretary shall establish and con-  
20 duct a Parent Locator Service under the direction of the  
21 Assistant Secretary for Child Support which shall be used  
22 to obtain and transmit to any authorized person (as defined  
23 in subsection (c)) information as to the whereabouts of any  
24 absent parent when such information is to be used to locate

1 *such parent for the purpose of enforcing support obligations*  
2 *against such parent.*

3       “(b) *Upon request, filed in accordance with subsection*  
4 *(d) of any authorized person (as defined in subsection (c))*  
5 *for the most recent address and place of employment of any*  
6 *absent parent, the Secretary shall, notwithstanding any other*  
7 *provision of law, provide through the Parent Locator Service*  
8 *such information to such person, if such information—*

9               “(1) *is contained in any files or records maintained*  
10 *by the Secretary or by the Department of Health, Educa-*  
11 *tion, and Welfare; or*

12               “(2) *is not contained in such files or records, but*  
13 *can be obtained by the Secretary, under the authority*  
14 *conferred by subsection (e), from any other department,*  
15 *agency, or instrumentality, or the United States or of*  
16 *any State.*

17 *No information shall be disclosed to any person if the dis-*  
18 *closure of such information would contravene the national*  
19 *policy or security interests of the United States or the con-*  
20 *fidentiality of census data. The Secretary shall give priority*  
21 *to requests made by any authorized person described in sub-*  
22 *section (c) (1).*

23       “(c) *As used in subsection (a), the term ‘authorized*  
24 *person’ means—*

25               “(1) *any agent or attorney of any State having in*

1        *effect a plan approved under this part, who has the duty*  
2        *or authority to seek to recover any amounts owed as child*  
3        *support (including, when authorized under the State*  
4        *plan, any official of a political subdivision);*

5        *“(2) the court which has authority to issue an order*  
6        *against an absent parent for the support and main-*  
7        *tenance of a child, or any agent of such court; and*

8        *“(3) the resident parent, legal guardian, attorney,*  
9        *or agent of a child (other than a child receiving aid under*  
10       *part A of this title) (as determined by regulations pre-*  
11       *scribed by the Secretary) without regard to the existence*  
12       *of a court order against an absent parent who has a*  
13       *duty to support and maintain any such child.*

14       *“(d) A request for information under this section shall*  
15       *be filed in such manner and form as the Secretary shall by*  
16       *regulation prescribe and shall be accompanied or supported by*  
17       *such documents as the Secretary may determine to be neces-*  
18       *sary.*

19       *“(e)(1) Whenever the Secretary receives a request*  
20       *submitted under subsection (b) which he is reasonably sat-*  
21       *isfied meets the criteria established by subsections (a), (b),*  
22       *and (c), he shall promptly undertake to provide the informa-*  
23       *tion requested from the files and records maintained by any*  
24       *of the departments, agencies, or instrumentalities of the United*  
25       *States or of any State.*

1       “(2) Notwithstanding any other provision of law, when-  
2 ever the individual who is the head of any department,  
3 agency, or instrumentality of the United States receives a  
4 request from the Secretary for information authorized to  
5 be provided by the Secretary under this section, such individ-  
6 ual shall promptly cause a search to be made of the files and  
7 records maintained by such department, agency, or instru-  
8 mentality with a view to determining whether the informa-  
9 tion requested is contained in any such files or records. If  
10 such search discloses the information requested, such individ-  
11 ual shall immediately transmit such information to the Secre-  
12 tary, except that if any information is obtained the disclosure  
13 of which would contravene national policy or security in-  
14 terests of the United States or the confidentiality of census  
15 data, such information shall not be transmitted and such in-  
16 dividual shall immediately notify the Secretary. If such search  
17 fails to disclose the information requested, such individual  
18 shall immediately so notify the Secretary. The costs incurred  
19 by any such department, agency, or instrumentality of the  
20 United States or of any State in providing such information  
21 to the Secretary shall be reimbursed by him. Whenever such  
22 services are furnished to an individual specified in subsection  
23 (c)(3), a fee shall be charged such individual. The fee so  
24 charged shall be used to reimburse the Secretary or his dele-  
25 gate for the expense of providing such services.

1       “(f) *The Secretary, in carrying out his duties and*  
 2 *functions under this section, shall enter into arrangements*  
 3 *with State agencies administering State plans approved*  
 4 *under this part for such State agencies to accept from resi-*  
 5 *dent parents, legal guardians, or agents of a child described*  
 6 *in subsection (c)(3) and, after determining that the absent*  
 7 *parent cannot be located through the procedures under the*  
 8 *control of such State agencies, to transmit to the Secretary*  
 9 *requests for information with regard to the whereabouts of*  
 10 *absent parents and otherwise to cooperate with the Secretary*  
 11 *in carrying out the purposes of this section.*

12                   “STATE PLAN FOR CHILD SUPPORT

13       “SEC. 454. *A State plan for child support must—*

14               “(1) *provide that it shall be in effect in all political*  
 15 *subdivisions of the State;*

16               “(2) *provide for financial participation by the*  
 17 *State;*

18               “(3) *provide for the establishment or designation of*  
 19 *a single and separate organizational unit, which meets*  
 20 *such staffing and organizational requirements as the Sec-*  
 21 *retary may by regulation prescribe, within the State to*  
 22 *administer the plan;*

23               “(4) *provide that such State will undertake—*

24                   “(A) *in the case of a child born out of wed-*  
 25 *lock with respect to whom an assignment under sec-*

1            *tion 402(a)(26) of this title is effective, to estab-*  
2            *lish the paternity of such child, and*

3            *“(B) in the case of any child with respect to*  
4            *whom such assignment is effective, to secure sup-*  
5            *port for such child from his parent (or from any*  
6            *other person legally liable for such support), utiliz-*  
7            *ing any reciprocal arrangements adopted with other*  
8            *States, except that when such arrangements and*  
9            *other means have proven ineffective, the State may*  
10           *utilize the Federal courts to obtain or enforce court*  
11           *orders for support;*

12           *“(5) provide that, in any case in which child sup-*  
13           *port payments are collected for a child with respect to*  
14           *whom an assignment under section 402(a)(26) is*  
15           *effective, such payments shall be made to the State for*  
16           *distribution pursuant to section 457 and shall not be*  
17           *paid directly to the family except that this paragraph*  
18           *shall not apply to such payments (except as provided*  
19           *in section 457(c)) for any month in which the amount*  
20           *collected is sufficient to make such family ineligible for*  
21           *assistance under the State plan approved under part A;*

22           *“(6) provide that (A) the child support collection*  
23           *or paternity determination services established under the*  
24           *plan shall be made available to any individual not other-*  
25           *wise eligible for such services upon application filed by*

1     *such individual with the State, (B) an application fee*  
2     *for furnishing such services may be imposed, except that*  
3     *the amount of any such application fee shall be reason-*  
4     *able, as determined under regulations of the Secretary,*  
5     *and (C) any costs in excess of the fee so imposed may*  
6     *be collected from such individual by deducting such costs*  
7     *from the amount of any recovery made;*

8             *“(7) provide for entering into cooperative arrange-*  
9             *ments with appropriate courts and law enforcement of-*  
10            *icials (A) to assist the agency administering the plan,*  
11            *including the entering into of financial arrangements with*  
12            *such courts and officials in order to assure optimum re-*  
13            *sults under such program, and (B) with respect to any*  
14            *other matters of common concern to such courts or of-*  
15            *icials and the agency administering the plan;*

16            *“(8) provide that the agency administering the plan*  
17            *will establish a service to locate absent parents utilizing—*

18                    *“(A) all sources of information and available*  
19                    *records, and*

20                    *“(B) the Parent Locator Service in the De-*  
21                    *partment of Health, Education, and Welfare;*

22            *“(9) provide that the State will, in accordance with*  
23            *standards prescribed by the Secretary, cooperate with*  
24            *any other State—*

25                    *“(A) in establishing paternity, if necessary,*



1           “(B) in locating an absent parent residing in  
2           the State (whether or not permanently) against  
3           whom any action is being taken under a program  
4           established under a plan approved under this part  
5           in another State,

6           “(C) in securing compliance by an absent par-  
7           ent residing in such State (whether or not perma-  
8           nently) with an order issued by a court of competent  
9           jurisdiction against such parent for the support and  
10          maintenance of a child or children of such parent  
11          with respect to whom aid is being provided under  
12          the plan of such other State, and

13          “(D) in carrying out other functions required  
14          under a plan approved under this part;

15          “(10) provide that the State will maintain a full  
16          record of collections and disbursements made under the  
17          plan and have an adequate reporting system;

18          “(11) provide that amounts collected as child sup-  
19          port shall be distributed as provided in section 457;

20          “(12) provide that any payment required to be  
21          made under section 456 or 457 to a family shall be made  
22          to the resident parent, legal guardian, or caretaker rela-  
23          tive having custody of or responsibility for the child or  
24          children; and

25          “(13) provide that the State will comply with such

1        *other requirements and standards as the Secretary deter-*  
2        *mines to be necessary to the establishment of an effective*  
3        *program for locating absent parents, establishing pater-*  
4        *nity, obtaining support orders, and collecting support*  
5        *payments.*

6                    *“PAYMENTS TO STATES*

7        *“SEC. 455. From the sums appropriated therefor, the*  
8        *Secretary shall pay to each State for each quarter, begin-*  
9        *ning with the quarter commencing July 1, 1974, an amount*  
10       *equal to 75 percent of the total amounts expended by such*  
11       *State during such quarter for the operation of the plan*  
12       *approved under section 454 except that no amount shall be*  
13       *paid to any State on account of furnishing collection serv-*  
14       *ices (other than parent locator services) to individuals under*  
15       *section 454(6) during any period beginning after June 30,*  
16       *1975.*

17                    *“SUPPORT OBLIGATIONS*

18        *“SEC. 456. (a) The support rights assigned to the State*  
19        *under section 402(a)(26) shall constitute an obligation owed*  
20        *to such State by the individual responsible for providing such*  
21        *support. Such obligation shall be deemed for collection pur-*  
22        *poses to be collectible under all applicable State and local*  
23        *processes.*

24        *“(1) The amount of such obligation shall be—*

1           “(A) the amount specified in a court order which  
2 covers the assigned support rights, or

3           “(B) if there is no court order, an amount deter-  
4 mined by the State in accordance with a formula ap-  
5 proved by the Secretary, and

6           “(2) Any amounts collected from an absent parent under  
7 the plan shall reduce, dollar for dollar, the amount of his obli-  
8 gation under paragraphs (1) (A) and (B).

9           “(b) A debt which is a child support obligation assigned  
10 to a State under section 402(a)(26) is not released by a  
11 discharge in bankruptcy under the Bankruptcy Act.

12                           “DISTRIBUTION OF PROCEEDS

13           “SEC. 457. (a) The amounts collected as child support  
14 by a State pursuant to a plan approved under this part dur-  
15 ing the fiscal year beginning July 1, 1974, shall be distributed  
16 as follows:

17           “(1) 40 per centum of the first \$50 of such amounts  
18 as are collected periodically which represent monthly  
19 support payments shall be paid to the family without any  
20 decrease in the amount paid as assistance to such family  
21 during such month;

22           “(2) such amounts as are collected periodically  
23 which are in excess of any amount paid to the family  
24 under paragraph (1) which represent monthly support  
25 payments shall be retained by the State to reimburse it

1 for assistance payments to the family during such pe-  
2 riod (with appropriate reimbursement of the Federal  
3 Government to the extent of its participation in the  
4 financing);

5 “(3) such amounts as are in excess of amounts re-  
6 tained by the State under paragraph (2) and are not in  
7 excess of the amount required to be paid during such  
8 period to the family by a court order shall be paid to the  
9 family; and

10 “(4) such amounts as are in excess of amounts re-  
11 quired to be distributed under paragraphs (1), (2),  
12 and (3) shall be (A) retained by the State (with appro-  
13 priate reimbursement of the Federal Government to the  
14 extent of its participation in the financing) as reimburse-  
15 ment for any past assistance payments made to the  
16 family for which the State has not been reimbursed or  
17 (B) if no assistance payments have been made by the  
18 State which have not been repaid, such amounts shall be  
19 paid to the family.

20 “(b) The amounts collected as child support by a State  
21 pursuant to a plan approved under this part during any fiscal  
22 year beginning after June 30, 1975, shall be distributed as  
23 follows:

24 “(1) such amounts as are collected periodically  
25 which represent monthly support payments shall be

1     *retained by the State to reimburse it for assistance pay-*  
2     *ments to the family during such period (with appropriate*  
3     *reimbursement of the Federal Government to the extent*  
4     *of its participation in the financing);*

5             *“(2) such amounts as are in excess of amounts re-*  
6     *tained by the State under paragraph (1) and are not in*  
7     *excess of the amount required to be paid during such*  
8     *period to the family by a court order shall be paid to the*  
9     *family; and*

10            *“(3) such amounts as are in excess of amounts re-*  
11     *quired to be distributed under paragraphs (1) and (2)*  
12     *shall be (A) retained by the State (with appropriate*  
13     *reimbursement of the Federal Government to the extent*  
14     *of its participation in the financing) as reimbursement*  
15     *for any past assistance payments made to the family for*  
16     *which the State has not been reimbursed or (B) if no*  
17     *assistance payments have been made by the State which*  
18     *have not been repaid, such amounts shall be paid to the*  
19     *family.*

20            *“(c) Whenever a family for whom child support pay-*  
21     *ments have been collected and distributed under the plan*  
22     *ceases to receive assistance under part A of this title, the*  
23     *State may—*

24            *“(1) continue to collect such support payments from*  
25     *the absent parent for a period of not to exceed three*

1 months from the month following the month in which such  
2 family ceased to receive assistance under part A of this  
3 title, and pay all amounts so collected to the family; and

4 “(2) at the end of such three-month period, if the  
5 State is authorized to do so by the individual on whose  
6 behalf the collection will be made, continue to collect such  
7 support payments from the absent parent and pay the net  
8 amount of any amount so collected to the family after  
9 deducting any costs incurred in making the collection  
10 from the amount of any recovery made.

11 “INCENTIVE PAYMENT TO LOCALITIES

12 “SEC. 458. (a) When a political subdivision of a State  
13 makes, for the State of which it is a political subdivision, or  
14 one State makes, for another State, the enforcement and col-  
15 lection of the support rights assigned under section 402(a)  
16 (26) (either within or outside of such State), there shall be  
17 paid to such political subdivision or such other State from  
18 amounts which would otherwise represent the Federal share  
19 of assistance to the family of the absent parent—

20 “(1) an amount equal to 25 per centum of any  
21 amount collected (and required to be distributed as pro-  
22 vided in section 457 to reduce or repay assistance pay-  
23 ments) which is attributable to the support obligation  
24 owed for 12 months; and

25 “(2) an amount equal to 10 per centum of any

1        amount collected (and required to be distributed as pro-  
2        vided in section 457 to reduce or repay assistance pay-  
3        ments) which is attributable to the support obligation  
4        owed for any month after the first twelve months for  
5        which such collections are made.

6        “(b) Where more than one jurisdiction is involved in  
7        such enforcement or collection, the amount of the incentive  
8        payment determined under paragraphs (1) and (2) of sub-  
9        section (a) shall be allocated among the jurisdictions in a  
10       manner to be prescribed by the Secretary.

11       **“CONSENT BY THE UNITED STATES TO GARNISHMENT AND**  
12       **SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD**  
13       **SUPPORT AND ALIMONY OBLIGATIONS**

14       **“SEC. 459. Notwithstanding any other provision of law,**  
15       **effective January 1, 1974, moneys (the entitlement to which**  
16       **is based upon remuneration for employment) due from, or**  
17       **payable by, the United States (including any agency or in-**  
18       **strumentality thereof and any wholly owned Federal corpo-**  
19       **ration) to any individual, including members of the armed**  
20       **services, shall be subject, in like manner and to the same**  
21       **extent as if the United States were a private person, to legal**  
22       **process brought for the enforcement, against such individual,**  
23       **of his legal obligations to provide child support or make**  
24       **alimony payments.**





1 gion) that such laboratory has been so established or desig-  
2 nated to provide services, in analyzing and classifying blood  
3 for the purpose of determining paternity, for courts and  
4 public agencies in such region.

5 “(c) The facilities of any such laboratory shall be made  
6 available without cost to courts and public agencies in the  
7 region to be served by it.

8 “(d) There is hereby authorized to be appropriated for  
9 each fiscal year such sums as may be necessary to carry out  
10 the provisions of this section.”.

11 *Collection of Child Support Obligations*

12 (b) (1) Subchapter A of chapter 64 of the Internal Rev-  
13 enue Code of 1954 (relating to collection of taxes) is  
14 amended by adding at the end thereof the following new  
15 section:

16 “SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

17 “(a) *IN GENERAL.*—Upon receiving a certification from  
18 the Secretary of Health, Education, and Welfare, under sec-  
19 tion 452(b) of the Social Security Act with respect to any  
20 individual, the Secretary or his delegate shall assess and col-  
21 lect the amount certified by the Secretary of Health, Educa-  
22 tion, and Welfare, in the same manner, with the same powers,  
23 and (except as provided in this section) subject to the same  
24 limitations as if such amount were a tax imposed by sub-

1 *title C the collection of which would be jeopardized by delay,*  
2 *except that—*

3       “(1) *no interest or penalties shall be assessed or*  
4 *collected,*

5       “(2) *for such purposes, paragraphs (4), (6), and*  
6 *(8) of section 6334(a) (relating to property exempt*  
7 *from levy) shall not apply, and*

8       “(3) *there shall be exempt from levy so much of the*  
9 *salary, wages, or other income of an individual as is*  
10 *being withheld therefrom in garnishment pursuant to a*  
11 *judgment entered by a court of competent jurisdiction for*  
12 *the support of his minor children.*

13       “(b) *REVIEW OF ASSESSMENTS AND COLLECTIONS.—*  
14 *No court of the United States, whether established under*  
15 *article I or article III of the Constitution, shall have juris-*  
16 *isdiction of any action, whether legal or equitable, brought to*  
17 *restrain or review the assessment and collection of amounts*  
18 *by the Secretary or his delegate under subsection (a), nor*  
19 *shall any such assessment and collection be subject to review*  
20 *by the Secretary or his delegate in any proceeding. This sub-*  
21 *section does not preclude any legal, equitable, or administra-*  
22 *tive action by an individual in any State court or before any*  
23 *State agency to determine his liability for any amount as-*  
24 *essed against him and collected, or to recover any such*  
25 *amount collected from him, under this section.”*

1       (2) *The table of sections for such subchapter is amended*  
2 *by adding at the end thereof the following new item:*

*"Sec. 6305. Collection of certain liability."*

3               *Amendments to Part A of Title IV*

4       (c)(1) *Notwithstanding the provisions of section 402*  
5 *(a) of the Social Security Act, in addition to the amounts*  
6 *required to be disregarded under clause (8)(A) of such*  
7 *section, there is imposed the requirement (and the State plan*  
8 *shall be deemed to include the requirement) that for the*  
9 *fiscal year beginning July 1, 1974, in making the determina-*  
10 *tion under clause (7), the State agency shall with respect*  
11 *to any month in such year and in addition to the amounts*  
12 *required to be disregarded under clause (8)(A), disregard*  
13 *amounts payable under section 457(a)(1).*

14       (2) *Section 402(a)(9) is amended to read as follows:*

15               *"(9) provide safeguards which permit the use or*  
16 *disclosure of information concerning applicants or re-*  
17 *cipients only to (A) public officials who require such*  
18 *information in connection with their official duties, or*  
19 *(B) other persons for purposes directly connected with*  
20 *the administration of aid to families with dependent*  
21 *children;"*.

22       (3) *Section 402(a)(10) is amended by inserting im-*  
23 *mediately before "be furnished" the following: ", subject to*  
24 *paragraphs (25) and (26),"*.

1       (4) Section 402(a)(11) is amended to read as follows:

2           “(11) provide for prompt notice (including the  
3       transmittal of all relevant information) to the State child  
4       support collection agency (established pursuant to part  
5       D of this title) of the furnishing of aid to families with  
6       dependent children with respect to a child who has been  
7       deserted or abandoned by a parent (including a child  
8       born out of wedlock without regard to whether the  
9       paternity of such child has been established);”.

10       (5) Section 402(a) is further amended—

11           (A) by striking out “and” at the end of paragraph  
12       (23);

13           (B) by inserting immediately before the first word  
14       in paragraph (24) the following: “provide that”; and

15           (C) by striking out the period at the end of para-  
16       graph (24) and inserting in lieu thereof a semicolon and  
17       the following:

18           “(25) provide (A) that, as a condition of eligibility  
19       under the plan, each applicant for or recipient of aid  
20       shall furnish to the State agency his social security ac-  
21       count number (or numbers, if he has more than one such  
22       number), and (B) that such State agency shall utilize  
23       such account numbers, in addition to any other means of  
24       identification it may determine to employ in the admin-  
25       istration of such plan;

1           “(26) provide that, as a condition of eligibility for  
2 aid, each applicant or recipient will be required—

3           “(A) to assign the State any rights to support  
4 from any other person such applicant may have (i)  
5 in his own behalf or in behalf of any other family  
6 member for whom the applicant is applying for or  
7 receiving aid, and (ii) which have accrued at the  
8 time such assignment is executed,

9           “(B) to cooperate with the State (i) in estab-  
10 lishing the paternity of a child born out of wed-  
11 lock with respect to whom aid is claimed, and (ii) in  
12 obtaining support payments for such applicant and  
13 for a child with respect to whom such aid is claimed,  
14 or in obtaining any other payments or property due  
15 such applicant or such child and that, if the relative  
16 with whom a child is living is found to be ineligible  
17 because of failure to comply with the requirements of  
18 this paragraph, any aid for which such child is eli-  
19 gible will be provided in the form of protective pay-  
20 ments as described in section 406(b)(2) (without  
21 regard to subparagraphs (A) through (E) of such  
22 section); and

23           “(27) provide, that the States have in effect a plan ap-  
24 proved under part D and operate a child support program  
25 in conformity with such plan.”.

1       (6)(A) Section 403 of the Social Security Act is  
2 amended by adding at the end thereof the following new  
3 subsection:

4       “(h) Notwithstanding any other provision of this Act,  
5 the amount payable to any State under this part for quarters  
6 in a fiscal year shall with respect to quarters beginning after  
7 December 31, 1975, be reduced by 5 per centum of such  
8 amount if such State is found by the Secretary as the result  
9 of the annual audit to have failed to have an effective pro-  
10 gram meeting the requirements of section 402(a)(27) in  
11 any fiscal year beginning after June 30, 1975 (but, in the  
12 case of the fiscal year beginning July 1, 1975, only con-  
13 sidering the third and fourth quarters thereof).”.

14       (B) Section 404 of such Act is amended by adding at  
15 the end thereof the following new subsections:

16       “(c) No State shall be found, prior to January 1,  
17 1976, to have failed substantially to comply with the require-  
18 ments of section 402(a)(27) if, in the judgment of the  
19 Secretary, such State is making a good faith effort to im-  
20 plement the program required by such section.

21       “(d) After December 31, 1975, in the case of any  
22 State which is found to have failed substantially to comply  
23 with the requirements of section 402(a)(27), the reduction  
24 in any amount payable to such State required to be imposed  
25 under section 403(h) shall be imposed in lieu of any reduc-

1 *tion, with respect to such failure, which would otherwise be*  
2 *required to be imposed under this section.”*

3 *(7) Section 406 of the Social Security Act is amended*  
4 *by adding at the end thereof the following new subsection:*

5 *“(f) Notwithstanding the provisions of subsection (b),*  
6 *the term ‘aid to families with dependent children’ does not*  
7 *mean payments with respect to a parent (or other individual*  
8 *whose needs such State determines should be considered in*  
9 *determining the need of the child or relative claiming aid*  
10 *under the plan of such State approved under this part) of a*  
11 *child who fails to cooperate with any agency or official of the*  
12 *State in obtaining such support payments for such child.*  
13 *Nothing in this subsection shall be construed to make an other-*  
14 *wise eligible child ineligible for protective payments because*  
15 *of the failure of such parent (or such other individual) to so*  
16 *cooperate.”.*

17 *(8) Section 402(a) (17), (18), (21), and (22), and*  
18 *section 410 of such Act are repealed.*

19 *Conforming Amendments to Title XI*

20 *(d) Section 1106 of such Act is amended—*

21 *(1) by striking out the period at the end of the first*  
22 *sentence of subsection (a) and inserting in lieu thereof*  
23 *the following: “and except as provided in part D of title*  
24 *IV of this Act.”;*

25 *(2) by adding at the end of subsection (b) the*

1 following new sentence: "Notwithstanding the preceding  
2 provisions of this subsection, requests for information  
3 made pursuant to the provisions of part D of title IV  
4 of this Act for the purpose of using Federal records  
5 for locating parents shall be complied with and the cost  
6 incurred in providing such information shall be paid  
7 for as provided in such part D of title IV."; and

8 (3) by striking out subsection (c).

9 *Appointment of Assistant Secretary for Child Support*

10 (e) (1) There shall be in the Department of Health, Ed-  
11 ucation, and Welfare an Assistant Secretary of Health, Edu-  
12 cation, and Welfare for Child Support who shall be ap-  
13 pointed by the President, by and with the advice and consent  
14 of the Senate.

15 (2) Section 5315 of title 5, United States Code, is  
16 amended by adding at the end thereof the following new item:

17 "(98) Assistant Secretary for Child Support, De-  
18 partment of Health, Education, and Welfare."

19 *Authorization of Appropriations*

20 (f) There are authorized to be appropriated to the Sec-  
21 retary of Health, Education, and Welfare such sums as may  
22 be necessary to plan and prepare for the implementation of  
23 the program established by this section.

24 *Effective Date*

25 (g) The amendments made by this section shall become  
26 effective on July 1, 1974, except that section 459 of the Social



1 *Security Act, as added by subsection (a) of this section shall*  
2 *become effective on January 1, 1974, and subsections (e) and*  
3 *(f) of this section shall become effective upon the date of*  
4 *enactment of this Act.*

5 *PART G—AID TO FAMILIES WITH DEPENDENT*

6 *CHILDREN*

7 *PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO*

8 *RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT*

9 *CHILDREN*

10 *SEC. 161. (a) Section 402(a)(8)(B) of the Social*  
11 *Security Act is amended by inserting “, and shall, before*  
12 *disregarding the amounts referred to in subparagraph (A)*  
13 *and clauses (i) and (ii) of this subparagraph, disregard*  
14 *an amount equal to 5 per centum of any income received*  
15 *in the form of monthly insurance benefits paid under title*  
16 *II” immediately after “\$5 per month of any income”.*

17 *(b) Any State plan approved under part A of title*  
18 *IV of the Social Security Act shall be deemed to contain*  
19 *a provision (relating to the disregarding of income) which*  
20 *complies with the requirement imposed with respect to any*  
21 *such plan under the amendment made by subsection (a).*

22 *(c) The amendments made by this section shall be ef-*  
23 *fective in the case of monthly insurance benefits under title*  
24 *II of the Social Security Act for months on and after the*  
25 *first month for which the regular payment of such benefits*

1 includes the increase in social security benefits made by  
2 reason of the enactment of Public Law 93-66 and the amend-  
3 ments made thereto by section 101 of this Act.

4 DISREGARD OF INCOME UNDER AFDC

5 SEC. 162. (a) Section 402(a)(8)(A)(ii) of the Social  
6 Security Act is amended by striking out everything that  
7 follows "determination," and inserting in lieu thereof the  
8 following: "(I) the first \$60 of earned income for indi-  
9 viduals who are employed at least 40 hours per week, or at  
10 least 35 hours per week and are earning at least \$64 per  
11 week, and (II) the first \$30 of earned income for other  
12 individuals, plus in each case, one-third of up to \$300 of  
13 additional earnings, and one-fifth of such additional earnings  
14 in excess of \$300, except that in each case an amount equal  
15 to the reasonable child care expenses incurred (subject to  
16 such limitations as the Secretary may prescribe in regula-  
17 tions) shall first be deducted before computing such individ-  
18 ual's earned income (except that the provisions of this clause  
19 (ii) shall not apply to earned income derived from par-  
20 ticipation on a project maintained under the programs estab-  
21 lished by section 432(b)(2) and (3); and".

22 (b) Section 402(a)(7) of such Act, as amended by  
23 section 111(e) of this Act, is further amended by striking  
24 out everything that follows "as well as any" and inserting

1 *in lieu thereof the following: "child care expenses reasonably*  
 2 *attributable to the earning of any such income;"*.

3 *COMMUNITY WORK AND TRAINING PROGRAMS*

4 *SEC. 163. (a) Section 204(c)(2) of the Social Security*  
 5 *Amendments of 1967 is repealed, effective January 1, 1974.*

6 *(b) Section 409 of the Social Security Act is amended*  
 7 *by adding at the end thereof the following new subsections:*

8 *"(c) The term 'individuals who have attained the age*  
 9 *of 18' as used in subsection (a) above shall not include any*  
 10 *individual who is not—*

11 *"(1) a father who is not incapacitated; or*

12 *"(2) a mother with no children under six, and who*  
 13 *is not—*

14 *"(A) ill, incapacitated or of advanced age;*

15 *"(B) too remote from an employment program*  
 16 *to be able to participate in such program;*

17 *"(C) needed at home to care for an incapacitated*  
 18 *family member; or*

19 *"(D) attending school on a full-time basis; or*

20 *"(E) participating in a Work Incentive Pro-*  
 21 *gram.*

22 *"(d) If the relative with whom a child is living is*  
 23 *denied aid because of failure to comply with the requirements*  
 24 *of subsection (a) above, any aid for which such child is*

1 *eligible will be provided in the form of protective payments*  
2 *as described in section 406(b)(2) (without regard to sub-*  
3 *sections (A) through (E) of such section).”.*

4 *STATE DEMONSTRATION PROJECTS*

5 *SEC. 164. Section 1115 of the Social Security Act is*  
6 *amended—*

7 *(1) by inserting “(a)” after “SEC. 1115.”;*

8 *(2) by redesignating subsections (a) and (b) as*  
9 *paragraphs (1) and (2), respectively; and*

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

12 *“(b)(1) In order to permit the States to achieve more*  
13 *efficient and effective use of funds for public assistance, to*  
14 *reduce dependency, and to improve the living conditions and*  
15 *increase the incomes of individuals who are recipients of*  
16 *public assistance, any State having an approved plan under*  
17 *part A of title IV may, subject to the provisions of this sub-*  
18 *section, establish and conduct not more than three demonstra-*  
19 *tion projects. In establishing and conducting any such project*  
20 *the State shall—*

21 *“(A) provide that not more than one such project*  
22 *be conducted on a statewide basis;*

23 *“(B) provide that in making arrangements for*  
24 *public service employment—*

25 *“(i) appropriate standards for the health,*

1           *safety, and other conditions applicable to the per-*  
2           *formance of work and training on such project are*  
3           *established and will be maintained,*

4           “(ii) *such project will not result in the displace-*  
5           *ment of employed workers,*

6           “(iii) *with respect to such project the condi-*  
7           *tions of work, training, education, and employment*  
8           *are reasonable in the light of such factors as the type*  
9           *of work, geographical region, and proficiency of*  
10          *the participant, and*

11          “(iv) *appropriate workmen’s compensation*  
12          *protection is provided to all participants;*

13          “(C) *provide that participation in any such proj-*  
14          *ect by any individual receiving aid to families with*  
15          *dependent children be voluntary.*

16          “(2) *Any State which establishes and conducts demon-*  
17          *stration projects under this subsection, may, with respect to*  
18          *any such project—*

19          “(A) *wave, subject to paragraph (3), any or all*  
20          *of the requirements of sections 402(a)(1) (relating to*  
21          *Statewide operation), 402(a)(3) (relating to adminis-*  
22          *tration by a single State agency), 402(a)(8) (relating*  
23          *to disregard of earned income), except that no such*  
24          *wavier of 402(a)(8) shall operate to waive any amount*  
25          *in excess of one-half of the earned income of any individ-*

1       ual, and 402(a)(19) (relating to the work incentive  
2       program);

3       “(B) subject to paragraph (4) use to cover the  
4       costs of such projects such funds as are appropriated  
5       for payment to any such State with respect to the assist-  
6       ance which is or would, except for participation in a  
7       project under this subsection, be payable to individuals  
8       participating in such projects under part A of title IV for  
9       any fiscal year in which such demonstration projects are  
10      conducted; and

11      “(C) use such funds as are appropriated for pay-  
12      ments to States under the State and Local Fiscal As-  
13      sistance Act of 1972 (86 Stat. 919) for any fiscal year  
14      in which such demonstration projects are conducted to  
15      cover so much of the costs of salaries for individuals par-  
16      ticipating in public service employment as is not covered  
17      through the use of funds made available under subpara-  
18      graph (B).

19      “(3) Notwithstanding the provisions of paragraph  
20      (2)(A), the Secretary may review any waiver made by a  
21      State under such paragraph. Upon a finding that any such  
22      waiver is inconsistent with the purposes of this subsection and  
23      the purposes of part A of title IV, the Secretary may disap-  
24      prove such waiver. The demonstration project under which  
25      any such disapproved waiver was made by such State shall

1 *be terminated not later than the last day of the month following*  
 2 *the month in which such waiver was disapproved.*

3       “(4) *Any amount payable to a State under section*  
 4 *403(a) on behalf of an individual participating in a project*  
 5 *under this section shall not be increased by reason of the par-*  
 6 *ticipation of such individual in any demonstration project con-*  
 7 *ducted under this subsection over the amount which would*  
 8 *be payable if such individual were receiving aid to families*  
 9 *with dependent children and not participating in such project.*

10       “(5) *Participation in a project established under this*  
 11 *section shall not be considered to constitute employment for*  
 12 *purposes of any finding with respect to ‘unemployment’ as*  
 13 *that term is used in section 407.*

14       “(6) *Any demonstration project established and con-*  
 15 *ducted pursuant to the provisions of this subsection shall be*  
 16 *conducted for not longer than two years. All demonstration*  
 17 *projects established and conducted pursuant to the provisions*  
 18 *of this subsection shall be terminated not later than June 30,*  
 19 *1976.”.*

20 *STUDY AND RECOMMENDATIONS WITH RESPECT TO THE*  
 21 *ESTABLISHING OF NATIONWIDE RATES OF INELIGIBIL-*  
 22 *ITY AND OVERPAYMENT IN THE AID TO FAMILIES*  
 23 *WITH DEPENDENT CHILDREN PROGRAM*

24 *SEC. 165. The Secretary of Health, Education, and*  
 25 *Welfare shall conduct a study of and submit to the Congress*

1 not later than one year after the date of enactment of this  
 2 section a report containing his findings and recommendations  
 3 with respect to the appropriateness of establishing nationwide  
 4 rates of ineligibility and overpayment in the Aid to Families  
 5 With Dependent Children Program under part A of title  
 6 IV of the Social Security Act which may be reasonably  
 7 expected to occur in the administration of such program when  
 8 the eligibility determination processes and procedures are  
 9 implemented in a prudent manner exercising reasonable dili-  
 10 gence to avoid erroneous payment.

11 *PART H—AMENDMENTS TO MEDICAID AND MEDICARE*

12 *PROGRAMS*

13 *MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY*

14 *INCOME RECIPIENTS*

15 *Beneficiaries*

16 *SEC. 171. (a)(1) Section 1901 of the Social Security*  
 17 *Act (as amended by Public Law 92-603) is amended by*  
 18 *striking out “permanently and totally disabled” and insert-*  
 19 *ing “disabled” in lieu thereof.*

20 *(2) Section 1902(a)(5) of such Act is amended by—*

21 *(A) striking out the comma after “administer the*  
 22 *plan” and inserting a semicolon in lieu thereof; and*

23 *(B) striking out “XVI (insofar as it relates to the*  
 24 *aged)” and inserting “XVI (insofar as it relates to the*  
 25 *aged) if the State is eligible to participate in the State*



1     *plan program established under title XVI, or by the*  
2     *agency or agencies administering the supplemental secu-*  
3     *urity income program established under title XVI or the*  
4     *State plan approved under part A of title IV if the State*  
5     *is not eligible to participate in the State plan program*  
6     *established under title XVI” in lieu thereof.*

7     (3) Section 1902(a)(10) of such Act is amended to read  
8     as follows:

9             “(10) provide—

10             “(A) for making medical assistance available  
11             to all individuals receiving aid or assistance under  
12             any plan of the State approved under title I, X,  
13             XIV, or XVI, or part A of title IV, or with respect  
14             to whom supplemental security income benefits are  
15             being paid under title XVI;

16             “(B) that the medical assistance made avail-  
17             able to any individual described in clause (A)—

18             “(i) shall not be less in amount, duration,  
19             or scope than the medical assistance made avail-  
20             able to any other such individual, and

21             “(ii) shall not be less in amount, duration,  
22             or scope than the medical assistance made avail-  
23             able to individuals not described in clause (A);  
24             and

25             “(C) if medical assistance is included for any

1           *group of individuals who are not described in clause*  
2           *(A) and who do not meet the income and resources*  
3           *requirements of the appropriate State plan, or the*  
4           *supplemental security income program under title*  
5           *XVI, as the case may be, as determined in accord-*  
6           *ance with standards prescribed by the Secretary—*

7           “*(i) for making medical assistance avail-*  
8           *able to all individuals who would, except for*  
9           *income and resources, be eligible for aid or*  
10          *assistance under any such State plan or to have*  
11          *paid with respect to them supplemental security*  
12          *income benefits under title XVI, and who have*  
13          *insufficient (as determined in accordance with*  
14          *comparable standards) income and resources*  
15          *to meet the costs of necessary medical and*  
16          *remedial care and services, and*

17          “*(ii) that the medical assistance made*  
18          *available to all individuals not described in*  
19          *clause (A) shall be equal in amount, duration,*  
20          *and scope;*

21          *except that (1) the making available of the services*  
22          *described in paragraph (4), (14), or (16) of section*  
23          *1905(a) to individuals meeting the age requirements*  
24          *prescribed therein shall not, by reason of this paragraph*  
25          *(10), require the making available of any such services,*

1 or the making available of such services of the same  
2 amount, duration, and scope, to individuals of any other  
3 ages, (II) the making available of supplementary medi-  
4 cal insurance benefits under part B of title XVIII to  
5 individuals eligible therefor (either pursuant to an agree-  
6 ment entered into under section 1843 or by reason of  
7 the payment of premiums under such title by the State  
8 agency on behalf of such individuals), or provision for  
9 meeting part or all of the cost of deductibles, cost sharing,  
10 or similar charges under part B of title XVIII for  
11 individuals eligible for benefits under such part, shall  
12 not, by reason of this paragraph (10), require the  
13 making available of any such benefits, or the making  
14 available of services of the same amount, duration, and  
15 scope, to any other individuals, and (III) the making  
16 available of medical assistance equal in amount, dura-  
17 tion, and scope to the medical assistance made available  
18 to individuals described in clause (A) to any classifica-  
19 tion of individuals approved by the Secretary with re-  
20 spect to whom there is being paid, or who are eligible,  
21 or would be eligible if they were not in a medical institu-  
22 tion, to have paid with respect to them, a State supple-  
23 mentary payment shall not, by reason of this paragraph  
24 (10), require the making available of any such assist-  
25 ance, or the making available of such assistance of the

1        *same amount, duration, and scope, to any other indi-*  
2        *viduals not described in clause (A);”.*

3        *(4) Section 1902(a)(13)(B) of such Act is amended*  
4        *by striking out “the State’s plan approved under title I, X,*  
5        *XIV, or XVI, or part A of title IV” and inserting “any*  
6        *plan of the State approved under title I, X, XIV, or XVI,*  
7        *or part A of title IV, or with respect to whom supplemental*  
8        *security income benefits are being paid under title XVI” in*  
9        *lieu thereof.*

10        *(5) Section 1902(a)(14)(A) of such Act is amended*  
11        *by striking out “a State plan approved under title I, X,*  
12        *XIV, or XVI, or part A of title IV, or who meet the income*  
13        *and resources requirements of the one of such State plans*  
14        *which is appropriate” and inserting “any plan of the State*  
15        *approved under title I, X, XIV, or XVI, or part A of title*  
16        *IV, or with respect to whom supplemental security income*  
17        *benefits are being paid under title XVI, or who meet the in-*  
18        *come and resources requirements of the appropriate State*  
19        *plan, or the supplemental security income program under*  
20        *title XVI, as the case may be, and individuals with respect*  
21        *to whom there is being paid, or who are eligible, or would be*  
22        *eligible if they were not in a medical institution, to have paid*  
23        *with respect to them, a State supplementary payment and are*  
24        *eligible for medical assistance equal in amount, duration,*

1 *and scope to the medical assistance made available to individ-*  
2 *uals described in paragraph (10)(A)'' in lieu thereof.*

3 (6) Section 1902(a)(14)(B) of such Act is amended  
4 *by—*

5 (A) inserting "(other than individuals with respect  
6 to whom there is being paid, or who are eligible or would  
7 be eligible if they were not in a medical institution, to  
8 have paid with respect to them, a State supplementary  
9 payment and are eligible for medical assistance equal in  
10 amount, duration, and scope to the medical assistance  
11 made available to individuals described in paragraph  
12 (10)(A))'' immediately after "with respect to individ-  
13 uals";

14 (B) inserting "and with respect to whom supple-  
15 mental security income benefits are not being paid under  
16 title XVI'' immediately after "any such State plan";

17 (C) striking out "the one of such State plans which is  
18 appropriate'' and inserting "the appropriate State plan,  
19 or the supplemental security income program under title  
20 XVI, as the case may be," in lieu thereof; and

21 (D) striking out "or who, after December 31, 1973,  
22 are included under the State plan for medical assistance  
23 pursuant to section 1902(a)(10)(B) approved under  
24 title XIX".

1       (7) Section 1902(a)(17) of such Act is amended by—

2           (A) striking out “the State’s plan approved under  
3 title I, X, XIV, or XVI, or part A of title IV” and in-  
4 sserting “any plan of the State approved under title I, X,  
5 XIV, or XVI, or part A of title IV, and with respect to  
6 whom supplemental security income benefits are not being  
7 paid under title XVI” in lieu thereof;

8           (B) striking out “if he met the requirements as  
9 to need” and inserting “except for income and re-  
10 sources” in lieu thereof;

11          (C) striking out “a State plan approved under  
12 title I, X, XIV, or XVI, or part A of title IV” and  
13 inserting “any plan of the State approved under title  
14 I, X, XIV, or XVI, or part A of title IV, or to have  
15 paid with respect to him supplemental security income  
16 benefits under title XVI” in lieu thereof; and

17          (D) striking out “and amount of such aid or as-  
18 sistance under such plan” and inserting “such aid, as-  
19 sistance, or benefits” in lieu thereof.

20       (8) Sections 1902(a)(17) and 1902(a)(18) are each  
21 amended by striking out “is blind or permanently and totally  
22 disabled” and inserting “(with respect to States eligible to par-  
23 ticipate in the State program established under title XVI), is  
24 blind or permanently and totally disabled, or is blind or  
25 disabled as defined in section 1614 (with respect to States

1 *which are not eligible to participate in such program)”*  
2 *in lieu thereof.*

3 *(9) Section 1902(a)(20)(C) of such Act is amended*  
4 *by inserting “, section 603(a)(1)(A) (i) and (ii),” im-*  
5 *mediately after “section 3(a)(4)(A) (i) and (ii)”.*

6 *(10) Section 1902(f) of such Act is amended by—*

7 *(A) inserting “not eligible to participate in the*  
8 *State plan program established under title XVI” immedi-*  
9 *ately after “State” the first time it appears therein;*

10 *(B) striking out “such individual’s payment*  
11 *under title XVI” and inserting “any supplemental*  
12 *security income payment and State supplementary pay-*  
13 *ment made with respect to such individual” in lieu there-*  
14 *of;*

15 *(C) striking out “as defined in section 213 of the*  
16 *Internal Revenue Code of 1954” and inserting “as rec-*  
17 *ognized under State law” in lieu thereof; and*

18 *(D) inserting at the end thereof the following new*  
19 *sentences: “In States which provide medical assistance*  
20 *to individuals pursuant to clause (10)(C) of subsection*  
21 *(a) of this section, an individual who is eligible for*  
22 *medical assistance by reason of the requirements of this*  
23 *section concerning the deduction of incurred medical ex-*  
24 *penses from income shall be considered an individual*  
25 *eligible for medical assistance under clause (10)(A) of*

1       that subsection if that individual is, or is eligible to be (1)  
2       an individual with respect to whom there is payable a  
3       State supplementary payment on the basis of which simi-  
4       larly situated individuals are eligible to receive medical  
5       assistance equal in amount, duration, and scope to that  
6       provided to individuals eligible under clause (10)(A),  
7       or (2) an eligible individual or eligible spouse, as defined  
8       in title XVI, with respect to whom supplemental security  
9       income benefits are payable; otherwise that individual  
10       shall be considered to be an individual eligible for medical  
11       assistance under clause (10)(C) of that subsection. In  
12       States which do not provide medical assistance to indi-  
13       viduals pursuant to clause (10)(C) of that subsection,  
14       an individual who is eligible for medical assistance by  
15       reason of the requirements of this section concerning the  
16       deduction of incurred medical expenses from income shall  
17       be considered an individual eligible for medical assistance  
18       under clause (10)(A) of that subsection.”.

19       (11) Section 1903(a)(1) of such Act is amended by  
20       striking out “individuals who are recipients of money pay-  
21       ments under a State plan approved under title I, X, XIV, or  
22       XVI, or part A of title IV” and inserting “individuals who  
23       are eligible for medical assistance under the plan and (A)  
24       are receiving aid or assistance under any plan of the State  
25       approved under title I, X, XIV, or XVI, or part A of title



1 *IV, or with respect to whom supplemental security income*  
2 *benefits are being paid under title XVI, or (B) with respect*  
3 *to whom there is being paid a State supplementary payment*  
4 *and are eligible for medical assistance equal in amount, dura-*  
5 *tion, and scope to the medical assistance made available to*  
6 *individuals described in section 1902(a)(10)(A)” in lieu*  
7 *thereof.*

8       (12) *Section 1903(f)(4) of such Act is amended to*  
9 *read as follows:*

10       “(4) *The limitations on payment imposed by the pre-*  
11 *ceding provisions of this subsection shall not apply with*  
12 *respect to any amount expended by a State as medical assist-*  
13 *ance for any individual—*

14           “(A) *who is receiving aid or assistance under any*  
15 *plan of the State approved under title I, X, XIV, or*  
16 *XVI, or part A of title IV, or with respect to whom*  
17 *supplemental security income benefits are being paid un-*  
18 *der title XVI, or*

19           “(B) *who is not receiving such aid or assistance,*  
20 *and with respect to whom such benefits are not being*  
21 *paid, but (i) is eligible to receive such aid or assistance,*  
22 *or to have such benefits paid with respect to him, or (ii)*  
23 *would be eligible to receive such aid or assistance, or*  
24 *to have such benefits paid with respect to him if he were*  
25 *not in a medical institution, or*

1           “(C) with respect to whom there is being paid, or  
2           who is eligible, or would be eligible if he were not in  
3           a medical institution, to have paid with respect to him,  
4           a State supplementary payment and is eligible for medi-  
5           cal assistance equal in amount, duration, and scope to  
6           the medical assistance made available to individuals  
7           described in section 1902(a)(10)(A), but only if the  
8           income of such individual (as determined under section  
9           1612, but without regard to subsection (b) thereof) does  
10          not exceed 300 percent of the supplemental security in-  
11          come benefit rate established by section 1611(b)(1),  
12          at the time of the provision of the medical assistance giving  
13          rise to such expenditure.”

14          (13) The matter before clause (i) in section 1905(a)  
15          of such Act is amended by striking out “individuals not  
16          receiving aid or assistance under the State’s plan approved  
17          under title I, X, XIV, or XVI, or part A of title IV” and  
18          inserting “individuals (other than individuals with respect  
19          to whom there is being paid, or who are eligible, or would  
20          be eligible if they were not in a medical institution, to have  
21          paid with respect to them a State supplementary payment  
22          and are eligible for medical assistance equal in amount,  
23          duration, and scope to the medical assistance made available  
24          to individuals described in section 1902(a)(10)(A)) not  
25          receiving aid or assistance under any plan of the State ap-

1 *proved under title I, X, XIV, or XVI, or part A of title*  
2 *IV, and with respect to whom supplemental security income*  
3 *benefits are not being paid under title XVI” in lieu thereof.*

4 (14) *Section 1905(a)(iv) of such Act is amended by*  
5 *inserting “with respect to States eligible to participate in the*  
6 *State plan program established under title XVI,” at the end*  
7 *thereof.*

8 (15) *Section 1905(a)(v) of such Act is amended by*  
9 *striking out “or” and inserting “with respect to States eligi-*  
10 *ble to participate in the State plan program established under*  
11 *title XVI,” in lieu thereof.*

12 (16) *Section 1905(a)(vi) of such Act is amended by*  
13 *inserting “or” at the end thereof.*

14 (17) *Section 1905(a) of such Act is further amended*  
15 *by inserting immediately after clause (vi) the following new*  
16 *clause:*

17 “(vii) *blind or disabled as defined in section 1614,*  
18 *with respect to States not eligible to participate in the*  
19 *State plan program established under title XVI,”.*

20 (18) *Section 1905 of such Act is amended by inserting*  
21 *at the end thereof the following new subsections:*

22 “(j) *The term ‘State supplementary payment’ means*  
23 *any cash payment made by a State on a regular basis to an*  
24 *individual who is receiving supplemental security income*  
25 *benefits under title XVI or who would but for his income*

1 *be eligible to receive such benefits, as assistance based on need*  
 2 *in supplementation of such benefits (as determined by the*  
 3 *Secretary), but only to the extent that such payments are*  
 4 *made with respect to an individual with respect to whom sup-*  
 5 *plemental security income benefits are payable under title*  
 6 *XVI, or would but for his income be payable under that*  
 7 *title.*

8       “(k) *Increased supplemental security income benefits*  
 9 *payable pursuant to section 211 of Public Law 93-66 shall*  
 10 *not be considered supplemental security income benefits pay-*  
 11 *able under title XVI.”.*

12 *Technical Clarification and Modification of Medicaid Eligi-*  
 13 *bility and Federal Title XIX Matching Under Public*  
 14 *Law 93-66*

15       (b)(1)(A) *Clause (2)(A) of section 231 of Public*  
 16 *Law 93-66 is amended by—*

17           (i) *inserting “received or” immediately before*  
 18 *“would”, and*

19           (ii) *striking out “or” at the end thereof and in-*  
 20 *serting “and” in lieu thereof.*

21       (B) *Clause (2)(B) of that section is amended by—*

22           (i) *striking out “was”, and*

23           (ii) *striking out “need for care in such institution,*  
 24 *considered to be eligible for aid or assistance under a*  
 25 *State plan (referred to in subparagraph (A)) for pur-*

1     *poses of determining his eligibility” and inserting “status*  
2     *as described in subparagraph (A), was included as an*  
3     *individual eligible” in lieu thereof.*

4     (2) *The first sentence of section 232 of Public Law*  
5     *93-66 is amended by—*

6             (A) *striking out “(under the provisions of sub-*  
7             *paragraph (B) of such section)”*,

8             (B) *striking out “to be a person described as being*  
9             *a person who ‘would, if needy, be eligible for aid or*  
10            *assistance under any such State plan’ in subparagraph*  
11            *(B)(i) of such section” and inserting “for purposes of*  
12            *title XIX to be an individual who is blind or disabled*  
13            *within the meaning of section 1614(a) of the Social*  
14            *Security Act” in lieu thereof, and*

15            (C) *inserting “, and the other conditions of eligi-*  
16            *bility contained in the plan of the State approved under*  
17            *title XIX (as it was in effect in December 1973)” before*  
18            *the period at the end thereof.*

19     *Medicaid Eligibility for Individuals Receiving Mandatory*  
20             *State Supplementary Payments*

21            (c) *In addition to other requirements imposed by law as*  
22     *conditions for the approval of any State plan under title XIX*  
23     *of the Social Security Act, there is hereby imposed (effective*  
24     *January 1, 1974) the requirement (and each such State*

1 plan shall be deemed to require) that medical assistance  
2 under such plan shall be provided to any individual—

3 (1) for any month for which there (A) is payable  
4 with respect to such individual a supplementary payment  
5 pursuant to an agreement entered into between the State  
6 and the Secretary of Health, Education, and Welfare  
7 under section 212(a) of Public Law 93-66, and (B)  
8 would be payable with respect to such individual such a  
9 supplementary payment, if the amount of the supple-  
10 mentary payments payable pursuant to such agreement  
11 were established without regard to paragraph (3)(A)  
12 (ii) of such section 212(a), and

13 (2) in like manner, and subject to the same terms and  
14 conditions, as medical assistance is provided under  
15 such plan to individuals with respect to whom benefits  
16 are payable for such month under the supplementary  
17 security income program established by title XVI of  
18 the Social Security Act.

19 Federal matching under title XIX of the Social Security  
20 Act shall be available for the medical assistance furnished  
21 to individuals who are eligible for such assistance under this  
22 subsection.

### 23 *Effective Dates*

24 (d) The amendments made by subsection (a) shall be  
25 effective with respect to payments under section 1903 of the

1 *Social Security Act for calendar quarters commencing after*  
2 *December 31, 1973.*

3       *STANDARDS FOR PAYMENTS UNDER MEDICAID TO*  
4               *HEALTH MAINTENANCE ORGANIZATIONS*

5       *SEC. 172. Section 1903 of such Act is amended by*  
6 *inserting at the end thereof the following new subsection:*

7       “(1) *Payment under the preceding provisions of this*  
8 *section shall be made with respect to any amount expended*  
9 *during calendar quarters commencing after June 30, 1974*  
10 *by a State as payment on a per capita or similar basis for*  
11 *the provision of medical assistance only if—*

12               “(1) *the entity to which such payment is made*  
13 *meets the definition of a health maintenance organization*  
14 *contained in section 1876(b), other than the provisions*  
15 *of clauses (2), (3), and (7),*

16               “(2) *provides physicians' services primarily (A)*  
17 *directly through physicians who are either employees*  
18 *or partners of such entity, or (B) under formal con-*  
19 *tractual arrangements with one or more groups of phy-*  
20 *sicians (organized on a group practice or individual*  
21 *practice basis) under which each such group is reim-*  
22 *bursed for its services primarily on the basis of an ag-*  
23 *gregate fixed sum or on a per capita basis, regardless of*  
24 *whether the individual physician members of any such*  
25 *group are paid on a fee-for-service or other basis;*

1           “(3) provides either directly or through formal con-  
2           tractual arrangements with others all the services covered  
3           under the State plan, except to the extent that the State  
4           shall have secured from the Secretary a waiver with re-  
5           spect to any particular service, which waiver shall not be  
6           approved by the Secretary unless the State provides as-  
7           surances satisfactory to the Secretary that an alternative  
8           arrangement will be provided for the provision of such  
9           service to individuals receiving medical assistance through  
10          such entity;

11           “(4) of the enrolled members of such entity not less  
12          than (A) 50 per centum of such members (in case such  
13          entity is not an entity described in clause (B)) are in-  
14          dividuals who are neither entitled to benefits under title  
15          XVIII nor eligible for medical assistance under the  
16          State plan approved under this title, or (B) in case  
17          such entity serves a geographic area in which individ-  
18          uals (referred to in clause (A)) constitute less than 50  
19          per centum of the total population, a per centum equal  
20          to whichever of the following is the larger: (i) a per  
21          centum of such members equal to the per centum of such  
22          total population which consists of such individuals, or  
23          (ii) 25 per centum of such members; and

24           “(5) such payment is made under a contract or  
25          other arrangement which has been approved in advance



1 *by the Secretary and which meets requirements imposed*  
2 *by regulations which the Secretary shall prescribe in*  
3 *final form not later than April 30, 1974, for the purpose*  
4 *of assuring that payments by a State on a per capita*  
5 *or similar basis for the provision of medical assistance*  
6 *are subject to substantially the same requirements as*  
7 *those imposed by subsections (a) and (i) of section*  
8 *1876 with respect to title XVIII, except that, notwith-*  
9 *standing the provisions of section 1876(i)(2)(A), such*  
10 *regulations may authorize a risk sharing contract or*  
11 *arrangement with an otherwise qualified entity which*  
12 *has a current enrollment of at least 5,000 members on a*  
13 *prepaid capitation or similar basis.”.*

14 *PAYMENTS TO SUBSTANDARD FACILITIES UNDER*  
15 *MEDICAID*

16 *SEC. 173. Section 1616 of the Social Security Act is*  
17 *amended by adding at the end thereof the following new*  
18 *subsection:*

19 *“(e) Payments made under this title with respect to an in-*  
20 *dividual shall be reduced by an amount equal to the amount*  
21 *of any supplementary payment (as described in subsection*  
22 *(a)) or other payment made by a State (or political sub-*  
23 *division thereof) which is made for or on account of any*  
24 *medical or any other type of remedial care provided by an*  
25 *institution to such individual as an inpatient of such institu-*

1 *tion in the case of any State which has a plan approved under*  
2 *title XIX of this Act if such care is (or could be) provided*  
3 *under a State plan approved under title XIX of this Act by*  
4 *an institution certified under such title XIX.”.*

5           *MEDICAID MATCHING FOR EXPENDITURES WITH*  
6                           *RESPECT TO CERTAIN INDIANS*

7           *SEC. 174. (a) Section 1903 of the Social Security Act*  
8 *is amended by inserting immediately after subsection (d)*  
9 *thereof the following new subsection:*

10           *“(e) With respect to amounts expended during any*  
11 *quarter (commencing with the calendar quarter which begins*  
12 *on January 1, 1974) as medical assistance under the State*  
13 *plan (including amounts for premiums as described in sub-*  
14 *section (a)(1)) in providing services to any individual who,*  
15 *at any time during the twelve-month period ending with the*  
16 *month preceding the month in which he received such serv-*  
17 *ices resided on or adjacent to a Federal Indian reservation*  
18 *or in the State of Alaska, and was eligible for comprehensive*  
19 *health services under the Indian Health Service program con-*  
20 *ducted within the Public Health Service, the Federal medical*  
21 *assistance percentage shall be increased to 100 per centum.”.*

22           *(b) Section 1903 (a)(1) of such Act is amended by*  
23 *striking out “subsections (g) and (h)” and inserting in lieu*  
24 *thereof “subsections (g), (e), and (h)”.*

1    *CERTAIN STATES DEEMED TO HAVE PLANS APPROVED*  
2                                    *UNDER TITLE XIX*

3       *SEC. 175. (a) In the case of any State (as that term is*  
4 *used in title XIX of the Social Security Act) which on*  
5 *October 1, 1973, did not have in effect a State plan ap-*  
6 *proved under such title, such State shall, for any calendar*  
7 *quarter which commences on or after January 1, 1974, be*  
8 *entitled (subject to subsection (b)) to payments under section*  
9 *1903(a)(1) of such Act with respect to expenditures (made*  
10 *during such quarter) for premiums under part B of title*  
11 *XVIII of such Act (as described in such section) in like*  
12 *manner as if such State had, for such quarter, had in effect*  
13 *such a State plan and as if such expenditures were made*  
14 *under such State plan.*

15       *(b) Payments to any State under subsection (a) shall*  
16 *be conditioned upon such State's keeping (and making avail-*  
17 *able to the Secretary of Health, Education, and Welfare)*  
18 *such records and accounts with respect to the expenditures*  
19 *on account of which such payments are made as the Secre-*  
20 *tary shall require in order to assure that such payments are*  
21 *made subject to substantially the same terms and conditions*  
22 *as those applicable to payments, with respect to such expendi-*  
23 *tures, which are payable under title XIX of the Social*  
24 *Security Act to States which have State plans approved*  
25 *thereunder.*

1 PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A  
2 TEACHING HOSPITAL

3 SEC. 176. (a)(1) Notwithstanding any other provision  
4 of law, the provisions of section 1861(b) of the Social Secu-  
5 rity Act, shall, subject to subsection (b) of this section, for  
6 the period with respect to which this paragraph is applicable,  
7 be administered as if paragraph (7) of such section read as  
8 follows:

9 “(7) a physician where the hospital has a teaching  
10 program approved as specified in paragraph (6), if (A)  
11 the hospital elects to receive any payment due under this  
12 title for reasonable costs of such services, and (B) all  
13 physicians in such hospital agree not to bill charges for  
14 professional services rendered in such hospital to individ-  
15 uals covered under the insurance program established by  
16 this title.”.

17 (2) Notwithstanding any other provision of law, the  
18 provisions of section 1832(a)(2)(B)(i) of the Social Secu-  
19 rity Act, shall, subject to subsection (b) of this section, for  
20 the period with respect to which this paragraph is applicable,  
21 be administered as if subclause II of such section read as  
22 follows:

23 “(II) a physician to a patient in a hospital  
24 which has a teaching program approved as specified  
25 in paragraph (6) of section 1861(b) (including

1           *services in conjunction with the teaching programs of*  
2           *such hospital whether or not such patient is an in-*  
3           *patient of such hospital), where the conditions speci-*  
4           *fied in paragraph (7) of such section are met, and”.*

5           *(b) The provisions of subsection (a) shall not be deemed*  
6           *to render improper any determination of payment under*  
7           *title XVIII of the Social Security Act for any service pro-*  
8           *vided prior to the enactment of this Act.*

9           *(c)(1) The Secretary of Health, Education, and Wel-*  
10          *fare shall submit to the Congress a report of his findings*  
11          *and recommendations, based on a study to be conducted as*  
12          *provided in paragraph (2), concerning appropriate and*  
13          *equitable methods of reimbursement for physicians’ services*  
14          *under titles XVIII and XIX of the Social Security Act in*  
15          *hospitals which have a teaching program approved as spec-*  
16          *ified in section 1861(b)(6) of such Act not later than July*  
17          *1, 1974, except that the Secretary may, in accordance with*  
18          *subsection (d), submit such report not later than December*  
19          *31, 1974, if he finds that additional time is required to pre-*  
20          *pare such report.*

21          *(2) The Social Security Administration shall conduct*  
22          *the study required by paragraph (1). Such study shall be*  
23          *of a representative sample of hospitals to determine the extent*  
24          *to which individuals who are covered under titles XVIII or*  
25          *XIX of the Social Security Act, other Government pro-*

1 *grams, and private programs incur expenses for physicians'*  
2 *professional services with respect to which payment is made*  
3 *on the basis of charges, the patient care practices of such*  
4 *hospitals (including the extent of physicians' professional*  
5 *services involved in such care), and the extent to which pay-*  
6 *ment is appropriate under titles XVIII and XIX of the*  
7 *Social Security Act with respect to physicians' professional*  
8 *services provided in such institutions.*

9 *(d) The provisions of subsection (a) shall apply with*  
10 *respect to cost accounting periods beginning after June 30,*  
11 *1973, and prior to June 30, 1974, except that if the Secre-*  
12 *tary of Health, Education, and Welfare determines that addi-*  
13 *tional time is required to prepare the report required by sub-*  
14 *section (c), he may, by regulation, extend the applicability*  
15 *of the provisions of subsection (a) to cost accounting periods*  
16 *beginning prior to January 1, 1975.*

17 *USE OF SOCIAL SECURITY ADMINISTRATION IN THE*  
18 *ADMINISTRATION OF MEDICARE*

19 *SEC. 181. (a) The first sentence of section 1874(a)*  
20 *of the Social Security Act is amended by striking out "shall*  
21 *be administered by the Secretary" and inserting in lieu thereof*  
22 *"and section 226 shall be administered by the Secretary; and*  
23 *the Secretary, in administering such programs, shall assign*  
24 *primary policy, operating, and general administrative re-*

1 *sponsibility to the Commissioner of Social Security*’ im-  
 2 *mediately after “Secretary”.*

3 *(b) No provision of law (including any such law*  
 4 *relating to reorganization of the departments and agencies*  
 5 *of the Government) enacted prior to the date of enactment*  
 6 *of this Act shall be construed as authorizing any change*  
 7 *in the effect of the amendment made by subsection (a).*

8 **REIMBURSEMENT UNDER MEDICARE FOR SERVICES WITH**  
 9 **RESPECT TO COVERAGE BASED ON CHRONIC KIDNEY**  
 10 **FAILURE**

11 **SEC. 182. (a) Section 226(g) of the Social Security**  
 12 **Act is amended—**

13 *(1) by inserting “(1)” immediately after “(g)”,*

14 *(2) by striking out “the Secretary is authorized to”*  
 15 *and inserting in lieu thereof “the Secretary shall”,*

16 *(3) by striking out “as he may” and inserting in*  
 17 *lieu thereof “as he shall”,*

18 *(4) by striking out “a medical” and inserting in*  
 19 *lieu thereof “an independent medical”, and*

20 *(5) by adding at the end thereof the following new*  
 21 *paragraph:*

22 *“(2) Notwithstanding the provisions of section 1842*  
 23 *(a), the Secretary is authorized to designate the organiza-*  
 24 *tions to be used in making payments with respect to kidney*  
 25 *dialysis services and to provide for payments for such serv-*

1 ices by applying such tests of reasonableness as he may find  
2 appropriate, including a test of relationship of charges to  
3 costs of providing such services. Notwithstanding the provi-  
4 sions of section 1842(b)(3), the Secretary is further au-  
5 thorized to provide for payments for such services on the  
6 basis of specific individual services and on services expected  
7 to be rendered over a period of time, and may apply such  
8 conditions to payment as he may find necessary to limit  
9 charges to patients in excess of those which he may find  
10 reasonable. With respect to services expected to be provided  
11 over a period of time, the Secretary may provide for payments  
12 on a retainer basis or such other basis as he may by regulation  
13 prescribe.”.

14 *CAPITAL EXPENDITURES PLANNING*

15 *SEC. 183. (a) Section 1122(c) of the Social Security*  
16 *Act is amended by striking out “for the reasonable cost of*  
17 *performing the functions specified in subsection (b)” and in-*  
18 *serting in lieu thereof the following: “for the reasonable cost*  
19 *of submitting to the Secretary reports of disapproved capital*  
20 *expenditures together with the reasonable cost of processing*  
21 *and adjudicating appeals from the recommendation made by*  
22 *the designated agency concerning such expenditures”.*

23 *(b) Section 201(g)(1) of such Act is amended by insert-*  
24 *ing immediately before the period at the end of the first sen-*  
25 *tence the following: “, except that funds made available under*



1 *this subsection for fiscal years beginning after June 30, 1974,*  
2 *shall not be used to pay the costs of any activity undertaken*  
3 *pursuant to section 1122 except as provided by such section”.*

4 *OCCUPATIONAL THERAPY UNDER MEDICARE*

5 *SEC. 184. (a) Section 1814(a)(2)(D) of the Social*  
6 *Security Act is amended by inserting “, occupational,” imme-*  
7 *diately after “physical”.*

8 *(b) Section 1835(a)(2)(A)(i) of such Act is amended*  
9 *by inserting “, occupational,” immediately after “physical”.*

10 *(c) Section 1835(a)(2) of such Act is amended—*

11 *(1) by striking out the period at the end of clause*  
12 *(D) and inserting in lieu thereof “: and”, and*

13 *(2) by adding after clause (D) the following new*  
14 *clause:*

15 *“(E) in the case of outpatient occupational therapy*  
16 *services, (i) such services are or were required because*  
17 *the individual needed occupational therapy services, (ii)*  
18 *a plan for furnishing such services has been established*  
19 *and is periodically reviewed by a physician, and (iii)*  
20 *such services are or were furnished while the individual*  
21 *is or was under the care of a physician.”.*

22 *(d) The last sentence of section 1861(p) of such Act is*  
23 *amended by inserting “and occupational therapy services”*  
24 *after “speech pathology services”.*

25 *(e) The amendment made by the preceding provisions*

1 *of this section shall be applicable in the case of services fur-*  
2 *nished on and after the first day of the first month which*  
3 *begins not less than thirty days after the date of enactment of*  
4 *this Act.*

5 *BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED*  
6 *BY AGENCIES AND PROVIDERS*

7 *SEC. 185. In the administration of titles V, XVIII,*  
8 *and XIX of the Social Security Act, the amount payable*  
9 *under such title to any hospital, skilled nursing facility, or*  
10 *home health agency on account of services provided by such*  
11 *hospital, skilled nursing facility, or home health agency shall*  
12 *be determined (for any period with respect to which the*  
13 *amendments made by section 233 of Public Law 92-603*  
14 *would, except for the provisions of this section, be applicable)*  
15 *in like manner as if the date contained in the first and second*  
16 *sentences of subsection (f) of such section 233 were Decem-*  
17 *ber 31, 1973, rather than December 31, 1972.*

18 *OUTPATIENT SPEECH PATHOLOGY*

19 *SEC. 186. (a) Section 1861(p) of the Social Security*  
20 *Act is amended by inserting immediately before the period*  
21 *at the end thereof the following: “, except that the require-*  
22 *ments of paragraph (2) insofar as they require a physician*  
23 *to establish a plan prescribing the type, amount, and dura-*  
24 *tion of speech pathology services to be furnished shall not apply*

1 *if such a plan is established by the speech pathologist provid-*  
2 *ing such services”.*

3       **(b)** *The provisions of this section shall apply with re-*  
4 *spect to services rendered after the month in which this Act*  
5 *is enacted.*

6           **STATEWIDE PROFESSIONAL STANDARDS REVIEW**

7                           **ORGANIZATIONS**

8       **SEC. 187.** *Section 1152 of the Social Security Act is*  
9 *amended by adding at the end thereof the following new*  
10 *subsection:*

11       **“(g)** *In carrying out the provisions of this section, the*  
12 *Secretary may designate, as an appropriate area with re-*  
13 *spect to which a Professional Standards Review Organiza-*  
14 *tion may be designated, an area encompassing a whole State;*  
15 *and the Secretary shall not refuse to designate any qualified*  
16 *organization as the Professional Standards Review Organi-*  
17 *zation with respect to such area solely because of the number*  
18 *of physicians in such State.”.*

19           **PRIORITY IN DESIGNATION OF PROFESSIONAL STANDARDS**

20                           **REVIEW ORGANIZATIONS**

21       **SEC. 188.** *Section 1152(c) of the Social Security Act*  
22 *is amended by adding after paragraph (2) the following new*  
23 *paragraph:*

24       **“(3)** *The Secretary shall give priority to designa-*

1     *tion of local areas and priority in designation as the*  
 2     *Professional Standards Review Organization for any*  
 3     *area to an otherwise qualified organization proposed to*  
 4     *be established and operated at a local level.”.*

5             STATEWIDE PROFESSIONAL STANDARDS REVIEW

6                             COUNCILS

7     SEC. 189. Section 1162 of the Social Security Act is  
 8     amended—

9             (1) by striking out in subsection (a) “three” and  
 10     inserting in lieu thereof “one”:

11             (2) by inserting in subsection (b) immediately after  
 12     “for any State” the following: “in which there are lo-  
 13     cated three or more Professional Standards Review  
 14     Organizations”;

15             (3) by redesignating paragraphs (1) through (3)  
 16     of subsection (b) as subparagraphs (A) through (C)  
 17     respectively, and by inserting “(1)” immediately after  
 18     “(b)” in subsection (b); and

19             (4) by adding after subsection (b)(1), as redesign-  
 20     ated, the following new paragraphs:

21             “(2) The membership of any such Council for any  
 22     State in which there are located two Professional Standards  
 23     Review Organizations shall be appointed by the Secretary  
 24     and shall consist of—

25             “(A) two representatives from and designated by

1       *each Professional Standards Review Organization in*  
2       *the State;*

3             “(B) *four physicians, two of whom may be desig-*  
4       *nated by the State medical society and two of whom may*  
5       *be designated by the State hospital association of such*  
6       *State to serve as members on such Council; and*

7             “(C) *four persons knowledgeable in health care*  
8       *from such State whom the Secretary shall have selected*  
9       *as representatives of the public in such State (at least*  
10       *two of whom shall have been recommended for member-*  
11       *ship on the Council by the Governor of such State).*

12            “(3) *The membership of any such Council for any*  
13       *State in which there is located one Professional Standards*  
14       *Review Organization shall be appointed by the Secretary and*  
15       *shall consist of—*

16            “(A) *four physicians who shall be nominated by*  
17       *and elected from among the general membership of the*  
18       *Professional Standards Review Organization annually;*

19            “(B) *two physicians who may be designated by the*  
20       *State hospital association of such State to serve as mem-*  
21       *bers on such Council; and*

22            “(C) *four persons knowledgeable in health care*  
23       *from such State whom the Secretary shall have selected*  
24       *as representatives of the public in such State (at least*

1       *two of whom shall have been recommended for member-*  
 2       *ship on the Council by the Governor of such State)."*

3       POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN RE-  
 4       QUIREMENTS IMPOSED WITH RESPECT TO PAYMENT  
 5       FOR PHYSICAL THERAPY SERVICES

6       SEC. 190. (a) *In the administration of title XVIII of*  
 7       *the Social Security Act, the amount payable thereunder with*  
 8       *respect to physical therapy and other services referred to in*  
 9       *section 1861(v)(5)(A) of such Act (as added by section*  
 10       *151(c) of the Social Security Amendments of 1972) shall*  
 11       *be determined (for the period with respect to which the*  
 12       *amendment made by such section 151(c) would, except for*  
 13       *the provisions of this section, be applicable) in like manner as*  
 14       *if the "December 31, 1972", which appears in such sub-*  
 15       *section (d)(3) of such section 151, read "the month in which*  
 16       *there are promulgated, by the Secretary of Health, Education,*  
 17       *and Welfare, final regulations implementing the provisions of*  
 18       *section 1861(v)(5) of the Social Security Act".*

19       PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED  
 20       BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

21       SEC. 191. *Section 1862(c) of the Social Security Act*  
 22       *(as added by section 210 of the Social Security Amendments*  
 23       *of 1972) is amended by striking out "January 1, 1975"*  
 24       *and inserting in lieu thereof "January 1, 1976".*

1 *STUDY REGARDING COVERAGE UNDER PART B OF MEDI-*  
2 *CARE FOR CERTAIN SERVICES PROVIDED BY OPTOME-*  
3 *TRISTS*

4 *SEC. 192. The Secretary of Health, Education, and*  
5 *Welfare shall conduct a study of, and submit to the Congress*  
6 *not later than six months after the date of enactment of this*  
7 *section a report containing his findings and recommendations*  
8 *with respect to the appropriateness of reimbursement under*  
9 *the insurance program established by part B of title*  
10 *XVIII of the Social Security Act, of services (but*  
11 *only to the extent any such services are presently not recog-*  
12 *nized for purposes of reimbursement) performed by doctors*  
13 *of optometry with respect to the provision of prosthetic lenses*  
14 *for patients with aphakia.*

15 *COVERAGE OF CERTAIN MAINTENANCE DRUGS ON AN*  
16 *OUTPATIENT BASIS*

17 *SEC. 193. (a) Section 226(c)(1) of the Social Security*  
18 *Act is amended by striking out "and post-hospital home*  
19 *health services" and inserting in lieu thereof "post-hospital*  
20 *home health services, and eligible drugs".*

21 *(b) Section 1811 of such Act is amended by inserting*  
22 *"and eligible drugs" after "related post-hospital services".*

23 *(c) Section 1812(a) of such Act is amended—*

24 *(1) by striking out "and" at the end of paragraph*  
25 *(2);*

1           (2) by striking out the period at the end of para-  
2 graph (3) and inserting in lieu thereof “; and”; and

3           (3) by adding after paragraph (3) the following  
4 new paragraph:

5           “(4) eligible drugs.”.

6           (d) Section 1813(a) of such Act is amended by adding  
7 at the end thereof the following new paragraph:

8           “(4) The reasonable allowance, as defined in section  
9 1823, for eligible drugs furnished an individual pursuant to  
10 any one prescription (or each renewal thereof) and pur-  
11 chased by such individual at any one time shall be reduced  
12 by an amount equal to the applicable prescription copay-  
13 ment obligation which shall be \$1.”

14           (e)(1) Section 1814(a) of the Social Security Act  
15 is amended—

16           (A) by striking out “and” at the end of para-  
17 graph (6);

18           (B) by striking out the period at the end of para-  
19 graph (7) and inserting in lieu thereof “; and”; and

20           (C) by inserting after paragraph (7) the following  
21 new paragraph:

22           “(8) with respect to drugs or biologicals furnished  
23 pursuant to and requiring (except for insulin) a phy-  
24 sician’s prescription, such drugs or biologicals are eligible  
25 drugs as defined in section 1861(t) and the participating



1     *pharmacy (as defined in section 1861(dd)) has such*  
2     *prescription in its possession, or some other record (in*  
3     *the case of insulin) that is satisfactory to the Secretary.”*

4     (2) Section 1814(b) of such Act is amended—

5         (A) by inserting “(1)” after “(b)”,

6         (B) by redesignating paragraphs (1) and (2) as  
7     subparagraphs (A) and (B) respectively,

8         (C) by redesignating in subparagraph (A), as  
9     redesignated, clauses (A) and (B) as clauses (i) and  
10     (ii);

11         (D) by inserting “(other than a pharmacy)” im-  
12     mediately after “provider of services”, and

13         (E) by adding at the end thereof the following new  
14     paragraph:

15         “(2) The amount paid to any participating pharmacy  
16     which is a provider of services with respect to eligible drugs  
17     for which payment may be made under this part shall, sub-  
18     ject to the provisions of section 1813, be the reasonable  
19     allowance (as defined in section 1823) with respect to such  
20     drugs.”

21         (f) Section 1814 of such Act is amended by adding at  
22     the end thereof the following new subsection:

23         “LIMITATION ON PAYMENT FOR ELIGIBLE DRUGS

24         “(j) Payment may be made under this part for eligible  
25     drugs only when such drugs are dispensed by a participating

1 *pharmacy; except that payment under this part may be made*  
2 *for eligible drugs dispensed by a physician where the Secre-*  
3 *tary determines, in accordance with regulations, that such*  
4 *eligible drugs were required in an emergency or that there*  
5 *was no participating pharmacy available in the community,*  
6 *in which case the physician (under regulations prescribed by*  
7 *the Secretary) shall be regarded as a participating pharmacy*  
8 *for purposes of this part with respect to the dispensing of*  
9 *such eligible drugs”*

10 *(g) Part A of title XVIII of such Act is further*  
11 *amended by adding after section 1819 the following new*  
12 *sections:*

13 *“MEDICARE FORMULARY COMMITTEE*

14 *“SEC. 1820. (a) (1) There is hereby established, within*  
15 *the Department of Health, Education, and Welfare, a Medi-*  
16 *care Formulary Committee (hereinafter referred to as the*  
17 *‘Committee’), a majority of whose members shall be phy-*  
18 *sicians and which shall consist of the Commissioner of Food*  
19 *and Drugs and of four individuals (not otherwise in the em-*  
20 *ploy of the Federal Government) who do not have a direct*  
21 *or indirect financial interest in the compensation of the Form-*  
22 *ulary established under this section and who are of recognized*  
23 *professional standing and distinction in the fields of medi-*  
24 *cine, pharmacology, or pharmacy, to be appointed by the*  
25 *Secretary without regard to the provisions of title 5, United*

1 *States Code, governing appointments in the competitive serv-*  
2 *ice. The Chairman of the Committee shall be elected annu-*  
3 *ally from the appointed members thereof, by majority vote*  
4 *of the members of the Committee.*

5       “(2) *Each appointed member of the Committee shall*  
6 *hold office for a term of five years, except that any member*  
7 *appointed to fill a vacancy occurring prior to the expiration*  
8 *of the term for which his predecessor was appointed shall be*  
9 *appointed for the remainder of such term, and except that*  
10 *the terms of office of the members first taking office shall ex-*  
11 *pire, as designated by the Secretary at the time of appoint-*  
12 *ment, one at the end of each of the first five years. A member*  
13 *shall not be eligible to serve continuously for more than*  
14 *two terms.*

15       “(b) *Appointed members of the Committee, while at-*  
16 *tending meetings or conferences thereof or otherwise serv-*  
17 *ing on business of the Committee, shall be entitled to receive*  
18 *compensation at rates fixed by the Secretary (but not in*  
19 *excess of the daily rate paid under GS-18 of the General*  
20 *Schedule under section 5332 of title 5, United States Code),*  
21 *including traveltime, and while so serving away from their*  
22 *homes or regular places of business they may be allowed*  
23 *travel expenses, as authorized by section 5703 of title 5,*  
24 *United States Code, for persons in the Government service*  
25 *employed intermittently.*



- 1            “*Anti-convulsants (excluding phenobarbital)*
  - 2            “*Anti-hypertensives*
  - 3            “*Anti-neoplastics*
  - 4            “*Anti-Parkinsonism agents*
  - 5            “*Anti-rheumatics*
  - 6            “*Bronchodilators*
  - 7            “*Cardiotonics*
  - 8            “*Cholinesterase inhibitors*
  - 9            “*Diuretics*
  - 10           “*Gout suppressants*
  - 11           “*Hypoglycemics*
  - 12           “*Miotics*
  - 13           “*Thyroid hormones*
  - 14           “*Tuberculostatics*
- 15 *which the Committee decides are necessary for individuals*  
16 *using such drugs. The Committee shall exclude from the*  
17 *Formulary any drug entities (or dosage forms and strengths*  
18 *thereof) which the Committee decides are not necessary for*  
19 *proper patient care, taking into account other drug entities*  
20 *(or dosage forms and strengths thereof) which are included*  
21 *in the Formulary.*
- 22           “(2) *Such listing shall include the specific dosage forms*  
23 *and strengths of each drug entity (included in the Formulary*  
24 *in accordance with paragraph (1)) which the Committee*  
25 *decides are necessary for individuals using such drugs.*

1       “(3) Such listing shall include the prices at which the  
2 products (in the same dosage form and strength) of such  
3 drug entities are generally sold by the suppliers thereof and  
4 the limit applicable to such prices under section 1823(b)(1)  
5 for purposes of determining the reasonable allowance.

6       “(4) The Committee may also include in the Formu-  
7 lary, either as a separate part (or parts) thereof or as a  
8 supplement (or supplements) thereto, any or all of the  
9 following information:

10           “(A) A supplemental list or lists, arranged by  
11 diagnostic, prophylactic, therapeutic, or other classifi-  
12 cations, of the drug entities (and dosage forms and  
13 strengths thereof) included in the listing referred to in  
14 paragraph (1).

15           “(B) The proprietary names under which prod-  
16 ucts of a drug entity listed in the Formulary by estab-  
17 lished name (and dosage form and strength) are sold  
18 and the names of each supplier thereof.

19           “(C) Any other information with respect to eli-  
20 gible drug entities which in the judgment of the Com-  
21 mittee would be useful in carrying out the purposes  
22 of this part.

23           “(c) In considering whether a particular drug entity  
24 (or strength or dosage form thereof) shall be included in  
25 or excluded from the Formulary, the Committee is au-

1 *thorized to obtain (upon request therefor) any record per-*  
2 *taining to the characteristics of such drug entity which is*  
3 *available to any other department, agency, or instrumen-*  
4 *tality of the Federal Government, and to request suppliers*  
5 *or manufacturers of drugs and other knowledgeable persons*  
6 *or organizations to make available to the Committee in-*  
7 *formation relating to such drug. If any such record or infor-*  
8 *mation (or any information contained in such record) is*  
9 *of a confidential nature, the Committee shall respect the*  
10 *confidentiality of such record or information and shall limit*  
11 *its usage thereof to the proper exercise of its authority.*

12       “(d) (1) *The Committee shall establish such procedures*  
13 *as it determines to be necessary in its evaluation of the*  
14 *appropriateness of the inclusion in or exclusion from the*  
15 *Formulary, of any drug entity (or dosage form or strength*  
16 *thereof). For purposes of inclusion in or exclusion from the*  
17 *Formulary the principal factors in the determination of the*  
18 *Committee shall be:*

19               “(A) *the factor of clinical equivalence in the case*  
20 *of the same dosage forms in the same strengths of the*  
21 *same drug entity, and*

22               “(B) *the factor of relative therapeutic value in the*  
23 *case of similar or dissimilar drug entities in the same*  
24 *therapeutic category.*

25       “(2) *The Committee, prior to making a final decision*

1 to remove from listing in the Formulary any drug entity  
2 (or dosage forms or strengths thereof) which is included  
3 therein, shall afford a reasonable opportunity for a formal  
4 or informal hearing on the matter to any person engaged in  
5 manufacturing, preparing, compounding, or processing such  
6 drug entity who shows reasonable ground for such a hearing.

7 “(3) Any person engaged in the manufacture, prepa-  
8 ration, compounding, or processing of any drug entity  
9 (or dosage forms or strengths thereof) not included in the  
10 Formulary which such person believes to possess the requi-  
11 site qualities to entitle such drug to be included in the  
12 Formulary pursuant to subsection (b), may petition for  
13 inclusion of such drug entity and, if such petition is de-  
14 nied by the Formulary Committee, shall, upon request there-  
15 for, showing reasonable grounds for a hearing, be afforded  
16 a formal or informal hearing on the matter in accordance  
17 with rules and procedures established by such Committee.

18 “LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF  
19 PROVIDERS OF SERVICES

20 “SEC. 1822. (a) Any provider of services as defined  
21 in section 1861(u), whose services are otherwise reim-  
22 bursable, under any program under this Act in which there  
23 is Federal financial participation on the basis of ‘reasonable  
24 cost’, shall not be entitled to a professional fee or dispensing



1 charge or reasonable billing allowance as determined pur-  
2 suant to this part.

3 “(b) A fee, charge, or billing allowance shall not be  
4 payable under this section with respect to any drug entity  
5 that (as determined in accordance with regulations) is fur-  
6 nished as an incident to a physician’s professional service,  
7 and is of a kind commonly furnished in physicians’ offices and  
8 commonly either rendered without charge or included in  
9 the physicians’ bills.

10 “REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

11 “SEC. 1823. (a) For purposes of this part, the term  
12 ‘reasonable allowance’ when used in reference to an eligible  
13 drug (as defined in subsection (h) of this section) means  
14 the following:

15 “(1) When used with respect to a prescription  
16 legend drug entity, in a given dosage form and strength,  
17 such term means the lesser of—

18 “(A) an amount equal to the customary charge  
19 at which the participating pharmacy sells or offers  
20 such drug entity, in a given dosage form and  
21 strength, to the general public, or

22 “(B) the price determined by the Secretary, in  
23 accordance with subsection (b) of this section, plus  
24 the professional fee or dispensing charges determined  
25 in accordance with subsection (c) of this section.

1           “(2) *When used with respect to insulin such term*  
2           *means the charge not in excess of the reasonable cus-*  
3           *tomary price at which the participating pharmacy offers*  
4           *or sells the product to the general public, plus a rea-*  
5           *sonable billing allowance.*

6           “(b)(1) *For purposes of establishing the reasonable*  
7           *allowance in accordance with subsection (a) the price shall*  
8           *be (A) in the case of a drug entity (in any given dosage*  
9           *form and strength) available from and sold by only one*  
10           *supplier, the price at which such drug entity is generally*  
11           *sold (to establishments dispensing drugs), and (B) in any*  
12           *case in which a drug entity (in any given dosage form and*  
13           *strength is available and sold by more than one supplier,*  
14           *only each of the lower prices at which the products of such*  
15           *drug entity are generally sold (and such lower prices shall*  
16           *consist of only those prices of different suppliers sufficient to*  
17           *assure actual and adequate availability of the drug entity,*  
18           *in a given dosage form and strength, at such prices in a*  
19           *region).*

20           “(2) *If a particular drug entity (in a given dosage form*  
21           *and strength) in the Formulary is available from more than*  
22           *one supplier, and the product of such drug entity as avail-*  
23           *able from one supplier possesses demonstrated distinct*  
24           *therapeutic advantages over other products of such drug*  
25           *entity as determined by the Committee on the basis of its*

1 *scientific and professional appraisal of information available*  
2 *to it, including information and other evidence furnished to*  
3 *it by the supplier of such drug entity, then the reasonable*  
4 *allowance for such supplier's drug product shall be based*  
5 *upon the price at which it is generally sold to establishments*  
6 *dispensing drugs.*

7       “(3) *If the prescriber, in his handwritten order, has*  
8 *specifically designated a particular product of a drug entity*  
9 *(and dosage form and strength) included in the Formulary*  
10 *by its established name together with the name of the sup-*  
11 *plier of the final dosage form thereof, the reasonable allow-*  
12 *ance for such drug product shall be based upon the price at*  
13 *which it is generally sold to establishments dispensing drugs.*

14       “(c)(1) *For the purpose of establishing the reasonable*  
15 *allowance (in accordance with subsection (a)), a partic-*  
16 *ipating pharmacy shall, in the form and manner prescribed*  
17 *by the Secretary, file with the Secretary, at such times as he*  
18 *shall specify, a statement of its professional fee or other*  
19 *dispensing charges.*

20       “(2) *A participating pharmacy, which has agreed*  
21 *with the Secretary to serve as a provider of services under*  
22 *this part, shall, except for subsection (a)(1)(A), be reim-*  
23 *bursed, in addition to any price provided for in subsection*  
24 *(b), the amount of the fee or charges filed in paragraph*  
25 *(1), except that no fee or charges shall exceed the highest*

1 *fee or charges filed by 75 per centum of participating phar-*  
2 *macies (with such pharmacies classified on the basis of (A)*  
3 *lesser dollar volume of prescriptions and (B) all others) in*  
4 *a census region which were customarily charged to the gen-*  
5 *eral public as of June 1, 1972. Such prevailing professional*  
6 *fees or dispensing charges may be modified by the Secretary*  
7 *in accordance with criteria and types of data comparable*  
8 *to those applicable to recognition of increases in reasonable*  
9 *charges for services under section 1842.*

10 *“(3) A participating pharmacy shall agree to certify*  
11 *that, whenever such pharmacy is required to submit its usual*  
12 *professional fee or dispensing charge for a prescription, such*  
13 *charge does not exceed its customary charge.”*

14 *(h) Section 1861(t) of such Act is amended—*

15 *(1) by inserting “, or as are approved by the For-*  
16 *mulary Committee” and after “for use in such hospital”;*  
17 *and*

18 *(2) by adding at the end thereof the following new*  
19 *sentence: “The term ‘eligible drug’ means a drug or*  
20 *biological which (A) can be self-administered, (B) re-*  
21 *quires a physician’s prescription (except for insulin),*  
22 *(C) is prescribed when the individual requiring such*  
23 *drug is not an inpatient in a hospital or extended care*  
24 *facility, during a period of covered care, (D) is included*  
25 *by strength and dosage forms among the drugs and*

1        *biologicals approved by the Formulary Committee, (E)*  
2        *is dispensed (except as provided by section 1814(j)),*  
3        *by a pharmacist from a participating pharmacy, and*  
4        *(F) is dispensed in quantities consistent with proper*  
5        *medical practice and reasonable professional discretion.”*

6        *(i) Section 1861(u) of such Act is further amended by*  
7        *striking out “or home health agency” and inserting in lieu*  
8        *thereof “home health agency, pharmacy,”.*

9        *(j) Section 1861 of such Act is further amended by*  
10       *adding at the end thereof the following new subsection:*

11                                    *“Participating Pharmacy*

12        *“(aa) The term ‘participating pharmacy’ means a*  
13        *pharmacy, or other establishment (including the outpatient*  
14        *department of a hospital) providing pharmaceutical serv-*  
15        *ices, (1) which is licensed as such under the laws of the*  
16        *State (where such State requires such licensure) or which*  
17        *is otherwise lawfully providing pharmaceutical services in*  
18        *which such drug is provided or otherwise dispensed in ac-*  
19        *cordance with this title, (2) which has agreed with the Sec-*  
20        *retary to act as a provider of services in accordance with*  
21        *the requirements of this section, and which complies with*  
22        *such other requirements as may be established by the Sec-*  
23        *retary in regulations to assure the proper, economical, and*  
24        *efficient administration of this title, (3) which has agreed*  
25        *to submit, at such frequency and in such form as may be*

1 *prescribed in regulations, bills for amounts payable under*  
2 *this title for eligible drugs furnished under part A of this*  
3 *title, and (4) which has agreed not to charge beneficiaries*  
4 *under this title any amounts in excess of those allowable*  
5 *under this title with respect to eligible drugs except as is*  
6 *provided under section 1813(a)(4), and except for so*  
7 *much of the charge for a prescription (in the case of a drug*  
8 *product prescribed by a physician, of a drug entity in a*  
9 *strength and dosage form included in the Formulary where*  
10 *the price at which such product is sold by the supplier thereof*  
11 *exceeds the reasonable allowance) as is in excess of the*  
12 *reasonable allowance established for such drug entity in ac-*  
13 *cordance with section 1823.”*

14 *(k)(1) The first sentence of section 1866(a)(2)(A)*  
15 *of such Act is amended by striking out “and (ii)” and*  
16 *inserting in lieu thereof the following: “(ii) the amount*  
17 *of any copayment obligation and excess above the reason-*  
18 *able allowance consistent with section 1861(aa)(4), and*  
19 *(iii)”.*

20 *(2) The second sentence of section 1866(a)(2)(A)*  
21 *of such Act is amended by striking out “clause (ii)” and*  
22 *inserting in lieu thereof “clause (iii)”.*

23 *(l) Notwithstanding any other provision of this Act, the*  
24 *amendments made by this section shall apply with respect*

1 to eligible drugs furnished on and after the first day of  
2 July 1974.

3 **RATES OF TAX FOR HOSPITAL INSURANCE**

4 *SEC. 194. Notwithstanding any other provision of*  
5 *law, the rates of tax for hospital insurance imposed under*  
6 *sections 1401(b)(3) through (6), 3101(b)(3) through (6),*  
7 *and 3111(b)(3) through (6) of the Internal Revenue Code*  
8 *(as amended by section 105(b) of this Act) shall be in-*  
9 *creased from 0.90 percent to 0.95 percent, from 1.10 percent*  
10 *to 1.15 percent, from 1.35 percent to 1.40 percent, and*  
11 *from 1.50 percent to 1.55 percent.*

12 **JUDICIAL REVIEW OF DECISIONS OF PROVIDER REIM-**  
13 **BURSEMENT REVIEW BOARD**

14 *SEC. 195. (a) Section 1878(f) of the Social Security*  
15 *Act is amended to read as follows:*

16 *“(f)(1) A decision of the Board shall be final unless*  
17 *the Secretary, on his own motion, and within 60 days after*  
18 *the provider of services is notified of the Board’s decision,*  
19 *reverses, affirms, or modifies the Board’s decision. Providers*  
20 *shall have the right to obtain judicial review of any final*  
21 *decision of the Board, or of any reversal, affirmance, or*  
22 *modification by the Secretary, by a civil action commenced*  
23 *within 60 days of the date on which notice of any final deci-*  
24 *sion by the Board or of any reversal, affirmance or modifi-*  
25 *cation by the Secretary is received. Such action shall be*

1 brought in the district court of the United States for the judi-  
2 cial district in which the provider is located or in the Dis-  
3 trict Court for the District of Columbia and shall be tried  
4 pursuant to the applicable provisions under chapter 7 of title  
5 5, United States Code, notwithstanding any other provisions  
6 in section 205.

7 “(2) Where a provider seeks judicial review pursuant  
8 to paragraph (1), the amount in controversy shall be sub-  
9 ject to annual interest beginning on the first day of the first  
10 month beginning after the 180 day period as determined  
11 pursuant to subsection (a)(3) and equal to the rate of return  
12 of equity capital established by regulation pursuant to section  
13 1861(v)(1)(B) and in effect at the time the civil action  
14 authorized under paragraph (1) is commenced, to be awarded  
15 by the reviewing court in favor of the prevailing party.

16 “(3) No interest awarded pursuant to paragraph (2)  
17 shall be deemed income or cost for the purposes of determin-  
18 ing reimbursement due providers under this Act.”

19 (b) Notwithstanding any other provision of law, section  
20 1878 of the Social Security Act shall not be construed as  
21 affecting any right to judicial review which may otherwise be  
22 available under law to providers of services with respect to  
23 cost reports for accounting periods ending prior to June 30,  
24 1973.



1 PRACTITIONER MAY NOT BE DENIED PARTICIPATION IN  
2 MEDICARE OR MEDICAID FOR FAILURE TO PERFORM  
3 STERILIZATION PROCEDURES OR ABORTIONS

4 SEC. 196. (a) Title XVIII of the Social Security Act is  
5 amended by adding at the end thereof the following new  
6 section:

7 "SEC. 1880. (a) Nothing in this title shall be construed  
8 to require—

9 "(1) any individual to perform or assist in the per-  
10 formance of any sterilization procedure or abortion if his  
11 performance or assistance in the performance of such  
12 procedure or abortion would be contrary to his religious  
13 beliefs or moral convictions; or

14 "(2) any provider of services to—

15 "(A) make its facilities available for the per-  
16 formance of any sterilization procedure or abortion  
17 if the performance of such procedure or abortion in  
18 such facilities is prohibited by the entity on the basis  
19 of religious beliefs or moral convictions, or

20 "(B) provide any personnel for the perform-  
21 ance of assistance in the performance of any sterili-  
22 zation procedure or abortion if the performance or  
23 assistance in the performance of such procedure or  
24 abortion by such personnel would be contrary to the

1           *religious beliefs or moral convictions of such*  
2           *personnel.*

3           “(b) No provider of services which receives any pay-  
4           *ment under this title may—*

5           “(1) *discriminate in the employment, promotion,*  
6           *or termination of employment of any physician or other*  
7           *health care personnel, or*

8           “(2) *discriminate in the extension of staff or other*  
9           *privileges to any physician or other health care per-*  
10           *sonnel, because he performed or assisted in the per-*  
11           *formance of a lawful sterilization procedure or abortion,*  
12           *because he refused to perform or assist in the perform-*  
13           *ance of such a procedure or abortion on the grounds*  
14           *that his performance or assistance in the performance*  
15           *of the procedure or abortion would be contrary to his*  
16           *religious beliefs or moral convictions, or because of his*  
17           *religious beliefs or moral convictions respecting sterili-*  
18           *zation procedures or abortions.”.*

19           “(b) *Title XIX of the Social Security Act is amended*  
20           *by adding at the end thereof the following new section:*

21           “*SEC. 1911. (a) Nothing in this title shall be construed*  
22           *to require—*

23           “(1) *any individual to perform or assist in the per-*  
24           *formance of any sterilization procedure or abortion in*  
25           *his performance or assistance in the performance of such*

1       *procedure or abortion would be contrary to his religious*  
2       *beliefs or moral convictions; or*

3             “(2) *any agency, institution, or facility to—*

4                 “(A) *make its facilities available for the per-*  
5                 *formance of any sterilization procedure or abortion*  
6                 *if the performance of such procedure or abortion in*  
7                 *such facilities is prohibited by the entity on the basis*  
8                 *of religious beliefs or moral convictions, or*

9                 “(B) *provide any personnel for the perform-*  
10                 *ance or assistance in the performance of any sterili-*  
11                 *zation procedure or abortion if the performance or*  
12                 *assistance in the performance of such procedure or*  
13                 *abortion by such personnel would be contrary to the*  
14                 *religious beliefs or moral convictions of such*  
15                 *personnel.*

16             “(b) *No agency, institution, or facility which receives*  
17       *any payment under this title may—*

18                 “(1) *discriminate in the employment, promotion,*  
19                 *or termination of employment of any physician or other*  
20                 *health care personnel, or*

21                 “(2) *discriminate in the extension of staff or other*  
22                 *privileges to any physician or other health care person-*  
23                 *nel, because he performed or assisted in the performance*  
24                 *of a lawful sterilization procedure or abortion, because*  
25                 *he refused to perform or assist in the performance of*

1     *such a procedure or abortion on the grounds that his*  
 2     *performance or assistance in the performance of the*  
 3     *procedure or abortion would be contrary to his religious*  
 4     *beliefs or moral convictions respecting sterilization pro-*  
 5     *cedures or abortions.”.*

6     *(c) The amendments made by this section shall be effec-*  
 7     *tive on the first day of the month following the month in*  
 8     *which this Act is enacted.*

9     LIBERALIZATION OF MEDICARE LIFETIME RESERVE

10    SEC. 197. *(a) Section 1812 of the Social Security*  
 11    *Act is amended—*

12           *(1) by striking out “150” in subsection (a)(1)*  
 13           *and inserting in lieu thereof “210”;*

14           *(2) by striking out “150” in subsection (b)(1)*  
 15           *and inserting in lieu thereof “210”; and*

16           *(3) by striking out “150-day” in subsection (c)*  
 17           *and inserting in lieu thereof “210-day”.*

18    *(b) The last sentence of section 1813(a)(1) of the*  
 19    *Social Security Act is amended to read as follows: “Such*  
 20    *amount shall be further reduced by a coinsurance amount*  
 21    *equal to one-fourth of the inpatient hospital deductible for*  
 22    *each day (before the day following the last day for which*  
 23    *such individual is entitled under section 1812(a)(1) to*  
 24    *have payment made on his behalf for inpatient hospital serv-*  
 25    *ices during such spell of illness) on which such individual*

1 is furnished such services during such spell of illness after  
2 such services have been furnished to him for 60 days during  
3 such spell, except that the reduction under this sentence for  
4 any day shall not exceed the charges imposed for that day  
5 with respect to such individual for such services (and for  
6 this purpose, if the customary charges for such services are  
7 greater than the charges so imposed, such customary charges  
8 shall be considered to be the charges so imposed).”.

9 (c) The changes made by this section shall become ef-  
10 fective January 1, 1974.

11 **DEFINITION OF “SPELL OF ILLNESS” UNDER MEDICARE**

12 **SEC. 198.** (a) Section 1861(a)(2) of the Social Secu-  
13 rity Act is amended to read as follows:

14 “(2) ending with the close of—

15 “(A) the first period of sixty consecutive days  
16 thereafter on each of which he is neither (i) an  
17 inpatient of a hospital nor (ii) an inpatient of a  
18 skilled nursing facility, or

19 “(B) in the case such individual meets the  
20 condition imposed by subparagraph (A)(i) but  
21 does not meet the condition imposed by subpara-  
22 graph (A)(ii), the first period of one hundred  
23 and eighty consecutive days thereafter on each of  
24 which—

1                   “(i) he is an inpatient of a skilled nursing  
2                   facility,

3                   “(ii) receives neither (I) skilled nursing  
4                   care and related services (as described in sub-  
5                   section (j)(1)(A)), nor (II) rehabilitation  
6                   services (as described in subsection (j)(1)  
7                   (B)), and

8                   “(iii) such facility is not receiving pay-  
9                   ment for skilled nursing services provided to  
10                  such individual under a State plan approved  
11                  under title XIX.”.

12               (b) The amendments made by this section shall be  
13               applicable in the case of determinations under title XVIII  
14               of the Social Security Act, with respect to the ending of any  
15               spell of illness, made after the date of enactment of this Act;  
16               except that no spell of illness shall, by reason of such  
17               amendments, be determined to have ended prior to the date  
18               of enactment of this Act.

19               COVERAGE UNDER MEDICARE FOR THE DISABLED SPOUSE  
20               OF AN INDIVIDUAL WHO IS COVERED UNDER MEDI-  
21               CARE BY REASON OF DISABILITY

22               SEC. 198A. (a) Section 226(b) of the Social Security  
23               Act is amended by adding at the end thereof the following  
24               new sentences: “If, for any month, an individual is en-  
25               titled (or was entitled for the month preceding the month

1 *in which he attained age 65), by reason of the preceding*  
2 *provisions of this subsection, to hospital insurance benefits*  
3 *under part A of title XVIII, then the spouse of such indi-*  
4 *vidual shall also be entitled to such benefits for such month*  
5 *if (A) for such month such spouse is not otherwise entitled*  
6 *to such benefits, (B) such spouse is under a disability (as*  
7 *that term is employed in section 223(d) when applied in*  
8 *the case of a widow, surviving divorced wife, or widower),*  
9 *and (C) such spouse is wholly dependent upon such indi-*  
10 *vidual for such spouse's support. As used in the preceding*  
11 *sentence, the term 'spouse', when used in reference to any*  
12 *individual, means the husband or wife of such individual, as*  
13 *those terms are employed in title II. Any individual who,*  
14 *by reason of the two preceding sentences is entitled to hos-*  
15 *pital insurance benefits under part A of title XVIII, shall,*  
16 *for purposes of such title, be treated as an individual who is*  
17 *entitled to such benefits by reason of the first sentence of*  
18 *this subsection."*

19 *(b) The amendment made by subsection (a) shall be*  
20 *effective upon enactment of this Act, except that no indi-*  
21 *vidual shall become entitled to hospital insurance benefits*  
22 *under part A of title XVIII of the Social Security Act by*  
23 *reason of such amendment for any month prior to the month*  
24 *which follows the month in which this Act is enacted.*

1 *STUDY TO DETERMINE FEASIBILITY OF PROVIDING PAY-*  
2 *MENTS UNDER TITLE XVIII FOR THE SERVICES OF*  
3 *AIDES FOR HOME DIALYSIS PATIENTS*

4 *SEC. 198B. The Commissioner of Social Security shall*  
5 *conduct a study of the feasibility and appropriateness of pro-*  
6 *viding payments under part B of title XVIII of the Social*  
7 *Security Act for the services of home health personnel to*  
8 *assist patients enrolled under such part to perform dialysis*  
9 *in such patients' homes, and to make a report and recom-*  
10 *mendation thereon to the Congress prior to January 1,*  
11 *1975. The study shall include consideration of the number*  
12 *of patients involved and the medical, economic, social, and*  
13 *psychological impact of utilizing such home health person-*  
14 *nel on a general or limited basis, including consideration of*  
15 *the economy of home dialysis with paid assistance in com-*  
16 *parison with the costs of alternative approaches, such as the*  
17 *use of self-dialysis facilities.*

18 *LIMIT ON MEDICARE INPATIENT HOSPITAL DEDUCTIBLE*

19 *SEC. 198C. Section 1813(b)(1) of the Social Security*  
20 *Act is amended by striking out all of the second sentence and*  
21 *inserting in lieu thereof: "Such inpatient hospital deductible*  
22 *shall be equal to—*

23 *"(A) with respect to calendar years after 1968*  
24 *and before 1974, \$40 multiplied by the ratio of (i) the*



1     *current average per diem rate for inpatient hospital serv-*  
2     *ices for the calendar year preceding the year of promul-*  
3     *gation, to (ii) the current average per diem rate for such*  
4     *services for 1966;*

5             *“(B) with respect to calendar year 1974, \$72; and*

6             *“(C) with respect to calendar years after 1974, \$72*  
7     *multiplied by the ratio of (i) the current average per*  
8     *diem rate for inpatient hospital services for the calendar*  
9     *year preceding the year of promulgation, to (ii) the*  
10    *current average per diem rate for such services for*  
11    *1972.”.*

12    *PROHIBITION OF FEDERAL FUNDING FOR ABORTIONS*

13                     *UNDER MEDICAID*

14    *SEC. 198D. None of the funds provided under title*  
15    *XIX of the Social Security Act may be used for the per-*  
16    *formance of abortions.*

17    *MEDICARE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO*

18    *ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR*

19    *WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO*

20    *HEALTH INSURANCE*

21    *SEC. 198E. (a) Title XVIII of the Social Security Act*  
22    *is amended by adding after section 1818 the following new*  
23    *section:*

1 "HOSPITAL INSURANCE FOR INDIVIDUALS, AGE 60  
2 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER  
3 SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS  
4 ENTITLED TO HEALTH INSURANCE

5 "SEC. 1819. (a) Every individual who—

6 "(1) has attained the age of 60, but has not attained  
7 the age of 65; and

8 "(2) is either—

9 "(A) an individual entitled to monthly insur-  
10 ance benefits under section 202 or benefits under the  
11 Railroad Retirement Act of 1937, or

12 "(B) the wife or husband of a person entitled  
13 to benefits under this part, or

14 "(C) an individual entitled to benefits under—

15 "(i) section 223(a), or

16 "(ii) subsections (e), (f), (g), or (h),  
17 of section 202 based on disability,

18 but who has not met the conditions of section 226  
19 (b)(2); and

20 "(3) is enrolled under part B of this title shall be  
21 eligible to enroll in the insurance program established by  
22 this part.

1       “(b)(1) An individual may enroll only once under this  
2 section and only in such manner and form as may be pre-  
3 scribed in regulations, and only during an enrollment period  
4 prescribed in or under this section.

5       “(2) In the case of an individual who satisfies para-  
6 graph (1) of subsection (a) of this section and either sub-  
7 paragraph (A) or (C) of paragraph (2) of such subsec-  
8 tion, his enrollment period shall begin with whichever of the  
9 following is the latest:

10           “(A) April 1, 1974, or

11           “(B) the date such individual first meets the condi-  
12 tions in such paragraph (2), or

13           “(C) the date the Secretary sends notice to such in-  
14 dividual that he is entitled to any monthly insurance ben-  
15 efits as specified in subparagraph (A) or (C) of such  
16 paragraph (2),

17 and shall end at the close of the—

18           “(D) 90th day thereafter, if such enrollment period  
19 begins on the date specified in subparagraph (B) or  
20 (C) of this paragraph, or

21           “(E) the 180th day thereafter, if such enrollment  
22 period begins on April 1, 1974.

1       “(3) *In the case of an individual satisfying paragraph*  
2 *(1) and paragraph (2)(B) of subsection (a) of this section,*  
3 *his enrollment period shall begin on whichever of the follow-*  
4 *ing is the later: (A) April 1, 1974, or (B) the date such*  
5 *individual first meets the conditions specified in such para-*  
6 *graphs, and shall end at the close of the (C) 90th day there-*  
7 *after, if such enrollment period begins on the date specified*  
8 *in clause (B) of this paragraph or (D) the 180th day there-*  
9 *after, if such enrollment period begins on April 1, 1974.*

10       “(c)(1) *In the case of an individual who enrolls pur-*  
11 *suant to the provisions of this section, the coverage period*  
12 *during which he is entitled to benefits under this part shall*  
13 *begin on the first day of the second month after the month*  
14 *in which he enrolls, or July 1, 1974, whichever is later.*

15       “(2) *An individual's coverage period shall terminate at*  
16 *the earlier of the following—*

17               “(A) *for failure to make timely premium pay-*  
18 *ments, at such time as may be prescribed in regula-*  
19 *tions which may include a grace period in which over-*  
20 *due premiums may be paid and coverage continued, but*  
21 *such grace period shall not exceed 30 days, except that it*  
22 *may be extended to not to exceed 60 days in any case*  
23 *where the Secretary determines that there was good*  
24 *cause for failure to pay overdue premiums within such*  
25 *30-day period; or*

1           “(B) at the close of the month following the month  
2           in which an individual files a notice with the Secretary  
3           that he no longer desires to be enrolled under this sec-  
4           tion; or

5           “(C) with the month before the month he no longer  
6           meets the conditions specified in subsection (a).

7   Notwithstanding the preceding provisions of this paragraph  
8   an individual's coverage period shall terminate at such time  
9   as such individual becomes eligible for hospital insurance  
10  benefits under section 226 of this Act or section 103 of the  
11  Social Security Amendments of 1965; and upon such termi-  
12  nation such individual shall be deemed, solely for purposes  
13  of hospital insurance entitlement, to have filed in such month  
14  the application required to establish such entitlement.

15       “(d)(1) The monthly premium of each individual  
16  under this section for each month in his coverage period be-  
17  fore July 1975 shall be \$33.

18       “(2) The Secretary shall, during December of 1974 and  
19  of each year thereafter, determine and promulgate the dollar  
20  amount (whether or not such dollar amount was applicable  
21  for premiums for any prior month) which shall be applicable  
22  for premiums chargeable to individuals for months occurring  
23  in the 12-month period commencing July 1 of the next suc-  
24  ceeding year. Such amount shall be actuarially adequate on a  
25  per capita basis to meet the estimated amounts of incurred

1 *claims and administrative expenses for individuals enrolled*  
2 *under this section during such period; and such amount shall*  
3 *take into consideration underwriting losses or gains incurred*  
4 *during prior years. Any amount determined under the pre-*  
5 *ceding sentence which is not a multiple of \$1 shall be rounded*  
6 *to the nearest \$1, or if midway between multiples of \$1, to*  
7 *the next higher multiple of \$1.*

8       “(e) *Payment of the monthly premiums on behalf of any*  
9 *individual who meets the conditions of subsection (a) may be*  
10 *made by any public or private agency or organization under*  
11 *a contract or other arrangement entered into between it and*  
12 *the Secretary if the Secretary determines that payment of*  
13 *such premiums under such contract or other arrangement is*  
14 *administratively feasible.*

15       “(f)(1) *The provisions of section 1840 shall apply to*  
16 *individuals enrolled under this section if such individuals are*  
17 *entitled to monthly insurance benefits under section 202 or*  
18 *223. The provisions of subsections (e), (f), (g), and (h)*  
19 *of such section 1840 shall apply to any other individual so*  
20 *enrolled.*

21       “(2) *Where an individual enrolled under this section*  
22 *meets the provisions of paragraph (2)(B) of subsection (a)*  
23 *(but does not meet the provisions of paragraph (2)(A)*  
24 *or (2)(C) of such subsection) and the person referred to in*  
25 *such paragraph (2)(B) is entitled to monthly insurance*

1 *benefits under section 202 or section 223, the provisions of*  
2 *section 1840(a)(1) shall apply to such benefits as though*  
3 *such husband or wife were entitled to such benefits, unless*  
4 *such person files a notice with the Secretary that the deduc-*  
5 *tions provisions of such section 1840(a)(1) shall not apply.*

6       “(g) *The term ‘wife’, or ‘husband’ as used in this section*  
7 *shall have the meaning assigned to those terms by subsec-*  
8 *tion (b) and subsection (f) of section 216, as the case may*  
9 *be, except that the provisions of clause (2) of such subsec-*  
10 *tion (b) and clause (2) of such subsection (f) shall not*  
11 *apply.”.*

12       (b) *Title XVIII of such Act is further amended by*  
13 *adding after section 1844 the following new section:*

14       “**ELIGIBILITY OF INDIVIDUALS, AGE 60 THROUGH 64, WHO**  
15       **ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR**  
16       **WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO**  
17       **HOSPITAL INSURANCE**

18       “**SEC. 1845. (a) Any individual who meets the condi-**  
19 *tions of paragraph (1) and paragraph (2) of section 1819*  
20 *(a) shall be eligible to enroll in the insurance program*  
21 *established by this part. The provisions of subsections (b),*  
22 *(c), (e), (f), and (g) of section 1819 shall apply to indi-*  
23 *viduals authorized to enroll under this section.*

24       “(b) *An individual’s coverage period shall also termi-*  
25 *nate when (A) he no longer meets the conditions specified*

1 *in paragraphs (1) and (2) of section 1819(a) or (B)*  
2 *his enrollment under section 1819 is terminated. Where*  
3 *termination occurs pursuant to this subsection, the coverage*  
4 *period shall terminate with the close of whichever of the fol-*  
5 *lowing months is the earliest: (C) the month before the*  
6 *month the individual attains the age of 65 or (D) the month*  
7 *following the month in which such individual no longer meets*  
8 *the conditions of paragraph (2) of section 1819(a) or (E)*  
9 *the month in which his enrollment under section 1819*  
10 *terminates.*

11       “(c)(1) *The monthly premium of each individual under*  
12 *this section for each month in his coverage period before*  
13 *July 1975 shall be 200 per centum of the premium payable*  
14 *by an individual who has attained age 65 for such month.*

15       “(2) *The Secretary shall, during December of each*  
16 *year beginning in 1974, determine and promulgate the dol-*  
17 *lar amount (whether or not such dollar amount was appli-*  
18 *cable for premiums for any prior month) which shall be*  
19 *applicable for premiums for months occurring in the 12-*  
20 *month period commencing July 1 of the next year. Such*  
21 *amount shall be actuarially adequate on a per capita basis to*  
22 *meet the estimated amounts of incurred claims and adminis-*  
23 *trative expenses for individuals enrolled under this section*  
24 *during such period, and such amount shall take into consid-*



1 eration underwriting losses or gains incurred during prior  
 2 years. Any amount determined under the preceding sentence  
 3 which is not a multiple of \$1 shall be rounded to the nearest  
 4 \$1 or if midway between multiples of \$1, to the next higher  
 5 multiple of \$1.

6 “(d) All premiums collected from individuals enrolled  
 7 pursuant to this section shall be deposited in the Federal  
 8 Supplementary Medical Insurance Trust Fund.”.

9 TO EXTEND TO CERTAIN RECIPIENTS OF ANNUITY OR  
 10 PENSION UNDER THE RAILROAD RETIREMENT ACT THE  
 11 TREATMENT ACCORDED TO CERTAIN SOCIAL SECURITY  
 12 RECIPIENTS UNDER SECTION 249E OF THE SOCIAL  
 13 SECURITY AMENDMENTS OF 1972, AS AMENDED

14 SEC. 198F. Section 249E of the Social Security  
 15 Amendments of 1972, as amended, is amended—

16 (1) by inserting “, or was a recipient of a monthly  
 17 payment of annuity or pension under the Railroad Re-  
 18 tirement Act of 1937 or the Railroad Retirement Act of  
 19 1935,” after “was entitled to monthly insurance benefits  
 20 under title II of such Act”; and

21 (2) by inserting “, or (in the case of a recipient of  
 22 such a monthly payment of annuity or pension) the in-  
 23 crease in such payment,” after “increase in monthly in-  
 24 surance benefits under title II of such Act”.

1 *DEFINITION OF IMMEDIATE CARE FACILITY AND IMMEDI-*  
 2 *ATE CARE FACILITY SERVICES IN TITLE XVIII*

3 *SEC. 198G. (a) Section 1861(e) of the Social Security*  
 4 *Act is amended by inserting, immediately before the last*  
 5 *sentence thereof, the following: "The term 'hospital' also*  
 6 *includes an immediate care facility (as defined in subsec-*  
 7 *tion (aa)), but only with respect to immediate care facility*  
 8 *services (as defined in subsection (bb)), and payment*  
 9 *under this title with respect to such services provided by*  
 10 *such a facility shall be made subject to the same terms and*  
 11 *conditions as those applicable with respect to the payment*  
 12 *under this title for similar services provided by an institution*  
 13 *which meets the requirements specified in clauses (1)*  
 14 *through (9) of the first sentence of this subsection."*

15 *(b) Section 1861 of such Act is amended by adding*  
 16 *at the end thereof the following new subsections:*

17 *"Immediate Care Facility*

18 *"(aa) The term 'immediate care facility' means a pub-*  
 19 *lic or nonprofit private institution which—*

20 *"(1) is primarily engaged in providing, by or under*  
 21 *the supervision of physicians, to outpatients immediate*  
 22 *care services for the diagnosis, treatment, and care, of*  
 23 *injured, disabled, or sick persons;*

24 *"(2) maintains clinical records on all patients;*

25 *"(3) provides twenty-four-hour nursing service*

1     *with a licensed practical nurse or a registered professional*  
2     *nurse on duty at all times;*

3             *“(4) has a physician in attendance at all times;*

4             *“(5) in the case of an institution in any State in*  
5     *which the State or applicable local law provides for the*  
6     *licensing of institutions of this nature, (A) is licensed*  
7     *pursuant to such law or (B) is approved, by the agency*  
8     *of such State or locality responsible for licensing of such*  
9     *institutions, as meeting the standards established for such*  
10    *licensing;*

11            *“(6) has in effect a written transfer agreement with*  
12    *one or more hospitals having agreements in effect under*  
13    *section 1866, under which any patient of such institu-*  
14    *tion who requires other than immediate care facility*  
15    *services will be transferred to such a hospital at the*  
16    *earliest practicable time (which shall not be later than*  
17    *twenty-four hours after such patient is admitted to such*  
18    *institution);*

19            *“(7) has in effect a policy under which any patient*  
20    *who is provided services by the institution will, within*  
21    *twenty-four hours after he is admitted to such institution*  
22    *for services, be discharged or transferred to a hospital;*

23            *“(8) has in effect an overall plan and budget that*  
24    *meets the requirements of subsection (z); and*

25            *“(9) meets such other requirements as the Secre-*

1        *tary finds necessary in the interest of the health and*  
 2        *safety of the individuals who are furnished services in*  
 3        *the institution.*

4                    *“Immediate Care Facility Services*

5        *“(bb) The term ‘immediate care facility services’ means*  
 6        *services, furnished to an individual by an immediate care*  
 7        *facility, which—*

8                    *“(1) are of a type which such facility is authorized*  
 9        *to provide, and*

10                   *“(2) are for a medical condition requiring imme-*  
 11        *diate medical attention.”.*

12        *(c) The amendments made by subsections (a) and*  
 13        *(b) shall be effective in the case of services furnished on*  
 14        *and after the first day of the first calendar month which*  
 15        *commences more than thirty days after the date of enact-*  
 16        *ment of this Act.*

17        *DEFINITION OF IMMEDIATE CARE FACILITY SERVICES*

18                                    *IN TITLE XIX*

19        *SEC. 198H. (a) Section 1905(a) of the Social Security*  
 20        *Act is amended by adding after clause (17) thereof the fol-*  
 21        *lowing new clause:*

22                    *“(18) immediate care facility services (as defined*  
 23        *in section 1861(bb)) which are furnished in an im-*  
 24        *mediate care facility (as defined in section 1861(aa));”.*

25        *(b) Section 1902(a)(13) of such Act is amended—*

1           (1) in subparagraph (B) thereof, by inserting  
2           “clause (18) and” immediately after “care and services  
3           listed in”;

4           (2) in subparagraph (C)(i) thereof, by inserting  
5           “clause (18) and” immediately after “care and services  
6           listed in”, and

7           (3) in subparagraph (C)(ii) thereof, by inserting  
8           “clause (18) and” immediately after “care and services  
9           listed in”.

10          (c) The amendments made by this section shall become  
11          effective January 1, 1974.

12          PROVISION OF HOME HEALTH SERVICES UNDER THE IN-  
13          SURANCE PROGRAM ESTABLISHED BY PART A WITH-  
14          OUT A PRIOR STAY IN A HOSPITAL

15          SEC. 198I. (a)(1) Section 1812(a)(3) of the Social  
16          Security Act is amended to read as follows:

17                 “(3) home health services for up to one hundred  
18                 visits within a calendar year.”.

19          (2) The first sentence of section 1812(d) of such Act  
20          is amended to read as follows: “Payment under this part may  
21          be made for home health services furnished an individual only  
22          for not more than one hundred visits during any calendar  
23          year.”

24          (3) Section 1812(e) of such Act is amended by strik-  
25          ing out “post-hospital” the second time it appears therein.

1       (b) Section 1814(a)(2)(D) of such Act is amended  
2 to read as follows:

3           “(D) in the case of home health services (i) such  
4 services are or were required because the individual is or  
5 was confined to his home (except when receiving items  
6 and services referred to in section 1861(m)(7)) and  
7 needed skilled nursing care on an intermittent basis,  
8 speech pathology or audiology services, or physical  
9 therapy, (ii) a plan for furnishing skilled nursing care  
10 or physical therapy to such individual has been estab-  
11 lished and is periodically reviewed by a physician, or,  
12 in the instance of speech pathology or audiology services,  
13 such individual has been referred by a physician, and  
14 (iii) such services are or were furnished while the indi-  
15 vidual was under the care of a physician;”.

16       (c) Section 1835(a)(2)(A) of such Act is amended to  
17 read as follows:

18           “(A) in the case of home health services (i)  
19 such services are or were required because the in-  
20 dividual is or was confined to his home (except when  
21 receiving items and services referred to in section  
22 1861(m)(7)) and needed skilled nursing care on  
23 an intermittent basis, speech pathology or audiology  
24 services, or physical therapy, (ii) a plan for furnish-  
25 ing skilled nursing care or physical therapy to such  
26 individual has been established and is periodically

1           *reviewed by a physician, or, in the instance of speech*  
 2           *pathology or audiology services, such individual has*  
 3           *been referred by a physician, and (iii) such services*  
 4           *are or were furnished while the individual was under*  
 5           *the care of a physician;”.*

6           *(d) Section 1861(m)(2) of such Act is amended to*  
 7           *read as follows:*

8           *“(2) physical, occupational, or speech therapy, and*  
 9           *speech pathology or audiology services;”.*

10          *(e) Section 1861(n) of such Act is repealed.*

11          *(f) The amendments made by subsections (a), (b), (c),*  
 12          *(d), and (e) shall be effective for calendar years ending*  
 13          *after December 31, 1973.*

14    *PART I—AMENDMENTS RELATING TO MATERNAL AND*  
 15                            *CHILD HEALTH SERVICES*

16    *GRANTS TO REGIONAL PEDIATRIC PULMONARY CENTERS*

17          *SEC. 199. (a) Section 511 of the Social Security Act*  
 18          *is amended—*

19                *(1) by inserting “(a)” immediately after “SEC.*  
 20                *511.”, and*

21                *(2) by adding at the end of such section the follow-*  
 22                *ing new subsection:*

23                *“(b)(1) From the sums available under paragraph*  
 24                *(2), the Secretary is authorized to make grants to public*  
 25                *or nonprofit private regional pediatric respiratory centers,*  
 26                *which are a part of (or are affiliated with) an institution of*

1 *higher learning, to assist them in carrying out a program*  
 2 *for the training and instruction (through demonstrations*  
 3 *and otherwise) of health care personnel in the prevention,*  
 4 *diagnosis and treatment of respiratory diseases in children*  
 5 *and young adults, and in providing (through such program)*  
 6 *needed health care services to children and young adults*  
 7 *suffering from such diseases.*

8       “(2) *For the purpose of making grants under this sub-*  
 9 *section, there is authorized to be appropriated, for the fiscal*  
 10 *year ending June 30, 1975, and each of the next four suc-*  
 11 *ceeding fiscal years, such sums (not in excess of \$5,000,000*  
 12 *for any fiscal year) as may be necessary. Sums authorized*  
 13 *to be appropriated for any fiscal year under this subsection*  
 14 *for making grants for the purposes referred to in paragraph*  
 15 *(1) shall be in addition to any sums authorized to be appro-*  
 16 *priated for such fiscal year for similar purposes under other*  
 17 *provisions of this title.”*

18       **(b)** *section 502(1) of such Act is amended by inserting*  
 19 *“(a)” immediately after “511”.*

20 **TITLE II—CLERICAL AND CONFORMING**  
 21 **AMENDMENTS TO SOCIAL SECURITY ACT**

22 **IN GENERAL**

23 *Inclusion of All Wage Level Increases in Automatic*  
 24 *Adjustment of Earnings Test*

25 **SEC. 201.** *(a) Section 203(f)(8)(B)(ii) of the Social*  
 26 *Security Act is amended by—*



1           (1) striking out "contribution and benefit base" and  
2           inserting "exempt amount" in lieu thereof; and

3           (2) striking out "section 230(a)" and inserting  
4           "subparagraph (A)" in lieu thereof.

5 *Inclusion in Old-Age Insurance Benefit in Certain Cases of*  
6 *Delayed Retirement*

7           (b) Section 202(w) of such Act is amended by inserting  
8           at the end thereof the following new paragraph:

9           “(5) If an individual's primary insurance amount is  
10          determined under paragraph (3) of section 215(a) and, as  
11          a result of this subsection, he would be entitled to a higher  
12          old-age insurance benefit if his primary insurance amount  
13          were determined under section 215(a) without regard to  
14          such paragraph, such individual's old-age insurance benefit  
15          based upon his primary insurance amount determined under  
16          such paragraph shall be increased by an amount equal to the  
17          difference between such benefit and the benefit to which he  
18          would be entitled if his primary insurance amount were de-  
19          termined under such section without regard to such para-  
20          graph.”

21 *Elimination of Benefits at Age 72 for Uninsured Individuals*  
22 *Receiving Supplemental Security Income Benefits*

23           (c) Section 228(d) of such Act is amended by inserting  
24           “and such individual is not an individual with respect to  
25           whom supplemental security income benefits are payable

1 pursuant to title XVI or section 211 of Public Law 93-66  
 2 for the following month, nor shall such benefit be paid for  
 3 such month if such individual is an individual with respect  
 4 to whom supplemental security income benefits are payable  
 5 pursuant to title XVI or section 211 of Public Law 93-66  
 6 for such month, unless the Secretary determines that such  
 7 benefits are not payable with respect to such individual for the  
 8 month following such month" immediately before the period  
 9 at the end thereof.

10 *Limitations on Eligibility Determinations Under Resources*

11 *Tests of State Plans*

12 (d) Section 1611 of such Act (as amended by Public  
 13 Law 92-603) is amended by striking out subsection (g) and  
 14 inserting in lieu thereof the following new subsection:

15 "(g) In the case of any individual or any individual  
 16 and his spouse (as the case may be) who—

17 "(1) received aid or assistance for December 1973  
 18 under a plan of a State approved under title I, X, XIV,  
 19 or XVI,

20 "(2) has, since December 31, 1973, continuously  
 21 resided in the State under the plan of which he or they  
 22 received such aid or assistance for December 1973, and

23 "(3) has, since December 31, 1973, continuously  
 24 been (except for periods not in excess of six consecutive  
 25 months) an eligible individual or eligible spouse with

1       *respect to whom supplemental security income benefits*  
 2       *are payable,*  
 3       *the resources of such individual or such individual and his*  
 4       *spouse (as the case may be) shall be deemed not to exceed*  
 5       *the amount specified in sections 1611(a)(1)(B) and 1611*  
 6       *(a)(2)(B) during any period that the resources of such*  
 7       *individual or individuals and his spouse (as the case may*  
 8       *be) does not exceed the maximum amount of resources speci-*  
 9       *fied in the State plan, as in effect for October 1972, under*  
 10       *which he or they received such aid or assistance for*  
 11       *December 1973.”*

12       *Limitations on Eligibility and Benefit Determinations Under*  
 13       *Income Tests of State Plans for Aid to the Blind*

14       *(e) Section 1611 of such Act is amended by striking out*  
 15       *subsection (h) and inserting in lieu thereof the following new*  
 16       *subsection:*

17       *“(h) In determining eligibility for, and the amount of,*  
 18       *benefits payable under this section in the case of any in-*  
 19       *dividual or any individual and his spouse (as the case may*  
 20       *be) who—*

21               *“(1) received aid or assistance for December 1973*  
 22               *under a plan of a State approved under title X or XVI,*

23               *“(2) is blind under the definition of that term in the*  
 24               *plan, as in effect for October 1972, under which he or*  
 25               *they received such aid or assistance for December 1973,*

1           “(3) has, since December 31, 1973, continuously  
2           resided in the State under the plan of which he or they  
3           received such aid or assistance for December 1973, and

4           “(4) has, since December 31, 1973, continuously  
5           been (except for periods not in excess of six consecutive  
6           months) an eligible individual or an eligible spouse with  
7           respect to whom supplemental security income benefits are  
8           payable,

9           there shall be disregarded an amount equal to the greater of  
10          (A) the maximum amount of any earned or unearned income  
11          which could have been disregarded under the State plan, as  
12          in effect for October 1972, under which he or they received  
13          such aid or assistance for December 1973, and (B) the  
14          amount which would be required to be disregarded under  
15          section 1612 without application of this subsection.”

16          *Correction of Erroneous Designations and Cross-References*

17          (f) (1) Section 226 of such Act is amended by—

18                  (A) redesignating subsection (a) (1) as subsection  
19                  (a);

20                  (B) redesignating clauses (A) and (B) of sub-  
21                  section (a), as redesignated by this subsection, as clauses  
22                  (1) and (2), respectively; and

23                  (C) redesignating subsection (f) (as added by sec-  
24                  tion 201(b) (5) of the Social Security Amendments of  
25                  1972 and redesignated by section 299I of that Act)

1        *and the subsection (f) (as enacted by section 101 of the*  
2        *Social Security Amendments of 1965 and redesignated*  
3        *by section 201(b)(5) of the Social Security Amend-*  
4        *ments of 1972) as subsections (h) and (i), respectively;*  
5        *and by inserting such subsections (h) and (i) (as so re-*  
6        *designated) immediately after subsection (g) of such*  
7        *section.*

8        (2) Section 226(h)(1)(A) of such Act, as redesignated  
9        by this subsection, is amended by striking out “and 202  
10       (e)(5), and the term ‘age 62’ in sections” and inserting  
11       “, 202(e)(5),” in lieu thereof.

12       (3) Section 226(h)(1)(B) of such Act, as redesignated  
13       by this subsection, is amended by striking out “shall” and  
14       inserting “and the phrase ‘before he attained age 60’ in the  
15       matter following subparagraph (G) of section 202(f)(1)  
16       shall each” in lieu thereof.

17       (4) Paragraphs (2) and (3) of section 226(h) of  
18       such Act, as redesignated by this subsection, are each amended  
19       by striking out “(a)(2)” and inserting “(b)” in lieu  
20       thereof.

21       *Initial Payments to Presumptively Disabled Individuals*  
22       *Unrecoverable Only if Individual Is Ineligible Because*  
23       *Not Disabled*

24       (g) Section 1631(a)(4)(B) of such Act is amended by  
25       inserting “solely because such individual is determined not to

1 *be disabled” immediately before the period at the end thereof.*

2 *Technical Correction of Limitation on Fiscal Liability*

3 *of States for Optional Supplementation*

4 *(h)(1) Section 401(a)(1) of the Social Security*

5 *Amendments of 1972 is amended by—*

6 *(A) inserting “, other than fiscal year 1974,” imme-*  
7 *diately after “any fiscal year”; and*

8 *(B) inserting “, and the amount payable for fiscal*  
9 *year 1974 pursuant to such agreement or agreements*  
10 *shall not exceed one-half of the non-Federal share of such*  
11 *expenditures” immediately before the period of the end*  
12 *thereof.*

13 *(2) Section 401(c)(1) of such Act is amended by in-*  
14 *serting “excluding” immediately before “expenditures au-*  
15 *thorized under section 1119”.*

16 *Modification of Transitional Administrative Provisions*

17 *(i) Section 402 of the Social Security Amendments of*  
18 *1972 is amended by—*

19 *(1) striking out “XVI” the first time that it ap-*  
20 *pears therein and inserting “VI” in lieu thereof;*

21 *(2) inserting “the third and fourth quarters in the*  
22 *fiscal year ending June 30, 1974, and” immediately*  
23 *after “with respect to expenditures for”; and*

24 *(3) inserting “the third and fourth quarters of*



1 *and clinical status, requires hospitalization in connection*  
2 *with the provision of such services; or” in lieu thereof.*

3 *Continuation of State Agreements for Coverage of*  
4 *Certain Individuals*

5 *(l) Section 1843(b) of such Act is amended by add-*  
6 *ing at the end thereof the following: “Effective January 1,*  
7 *1974, and subject to section 1902(e), the Secretary shall, at*  
8 *the request of any State not eligible to participate in the*  
9 *State plan program established under title XVI, continue in*  
10 *effect the agreement entered into under this section with such*  
11 *State subject to such modifications as the Secretary may by*  
12 *regulations provide to take account of the termination of any*  
13 *plans of such State approved under titles I, X, XIV, and*  
14 *XVI and the establishment of the supplemental security*  
15 *income program under title XVI.”.*

16 *Technical Improvement of Provisions Governing*  
17 *Disposition of HMO Savings*

18 *(m) Section 1876(a)(3)(A)(ii) of such Act is amended*  
19 *by striking out “, with the apportionment of savings being*  
20 *proportional to the losses absorbed and not yet offset”*

21 *Technical Improvement of Provisions Governing*  
22 *Allowable HMO Premium Charges*

23 *(n) The last sentence of section 1876(g)(2) of such Act*  
24 *is amended by—*

25 *(1) inserting “of its premium rate or other charges”*  
26 *immediately after “portion”;*





*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.*

**TITLE III—AMENDMENT TO PART A OF TITLE  
IV OF THE SOCIAL SECURITY ACT**

**ELIMINATION OF PRECONDITION FOR FEDERAL FINANCIAL  
PARTICIPATION THAT CHILDREN IN FOSTER CARE BE  
REMOVED FROM THEIR HOMES AS A RESULT OF JUDI-  
CIAL DETERMINATION**

*SEC. 301. (a) Paragraph (1) of section 408(a) of the Social Security Act is amended by deleting the “,” at the end thereof and inserting in lieu thereof “or any other procedures authorized under the State law and approved by the Secretary”.*

*(b) Paragraph (3) of such section is amended by deleting the “,” immediately preceding “and” and inserting in lieu thereof “or any other procedure authorized under State law and approved by the Secretary”.*

**PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION**

*SEC. 401. 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 after the date of the enactment of this*

1 *Federal Payment for Cost of Inspecting Institutions Limited*  
2 *to Expenses Incurred During Covered Period*

3 (s) Section 1903(a)(4) of such Act is amended by  
4 striking out "sums expended" and inserting "sums expended  
5 with respect to costs incurred" in lieu thereof.

6 *Federal Payment for Family Planning Expenditures Not*  
7 *Limited to Administrative Costs*

8 (t) Section 1903(a)(5) of such Act is amended by  
9 striking out "(as found necessary by the Secretary for the  
10 proper and efficient administration of the plan)".

11 *Exception to Limitation on Payments to States for Expendi-*  
12 *tures in Relation to Individuals Eligible for Medicare*

13 (u) Section 1903(b)(2) of such Act is amended by  
14 inserting ", other than amounts expended under provisions of  
15 the plan of such State required by section 1902(a)(34)"  
16 immediately before the period at the end thereof.

17 *Utilization Review by Medical Personnel Associated With*  
18 *an Institution*

19 (v) Section 1903(g)(1)(C) of such Act is amended  
20 by striking out "and who are not employed by" and by  
21 inserting "or, except in the case of hospitals, employed by  
22 the institution" immediately after "any such institution".

23 *Authority To Prescribe Standards Under Title XIX for*  
24 *Active Treatment of Mental Illness*

1        *(w) Section 1905(h)(1)(B) of such Act is amended*  
 2 *by—*

3            *(1) striking out “, involves active treatment (i)”*  
 4 *and inserting “(i) involve active treatment” in lieu*  
 5 *thereof,*

6            *(2) striking out “pursuant to title XVIII”, and*

7            *(3) striking out “(i) which” and inserting “(ii)”*  
 8 *in lieu thereof.*

9 *Correction of Erroneous Designations and Cross References*

10        *(x)(1) Section 1902(a)(13)(C) of such Act is*  
 11 *amended by striking out “(14)” and inserting “(16)” in lieu*  
 12 *thereof.*

13        *(2) Section 1902(a)(33)(A) of such Act is amended*  
 14 *by striking out “last sentence” and inserting “penultimate*  
 15 *sentence” in lieu thereof.*

16        *(3) Section 1902(a) of such Act is amended by—*

17            *(A) striking out the period at the end of paragraph*  
 18 *(35) and inserting “; and” in lieu thereof; and*

19            *(B) redesignating paragraph (37) as paragraph*  
 20 *(36).*

21        *(4) Sections 1902(a) (21), (24), and (26)(B),*  
 22 *and the last sentence of section 1902(a), of such Act are*  
 23 *each amended by striking out “nursing home” and “nursing*  
 24 *homes” each time that they appear therein and inserting*

1 *“nursing facility” and “nursing facilities”, respectively, in*  
2 *lieu thereof.*

3 *(5) Section 1903(a) of such Act is amended by striking*  
4 *out “and section 1117” in the first parenthetical phrase.*

5 *(6) Section 1903(b) of such Act is amended by re-*  
6 *designating paragraphs (2) and (3) as paragraphs (1) and*  
7 *(2), respectively.*

8 *(7) Section 1905(a)(16) of such Act is amended*  
9 *by striking out “under 21, as defined in subsection (e);”*  
10 *and inserting “under age 21, as defined in subsection (h);*  
11 *and” in lieu thereof.*

12 *(8) Section 1905(c) of such Act is amended by striking*  
13 *out “skilled nursing home” each time that it appears therein*  
14 *and inserting “skilled nursing facility” in lieu thereof.*

15 *(9) Section 1905 of such Act is amended by redesign-*  
16 *ating subsection (h) (which was enacted by section 299L*  
17 *(b) of the Social Security Amendments of 1972) as sub-*  
18 *section (i).*

19 *(10) Section 1905(h)(2) is amended by striking out*  
20 *“(e)(1)” and inserting “(1)” in lieu thereof.*

21 *Deletion of Obsolete Provisions*

22 *(y) (1) Section 1903 of such Act is amended by—*

23 *(A) striking out subsection (c);*

24 *(B) striking out “(a), (b), and (c)” in subsection*



1           (i) striking out "I," "X," "XIV," and  
2 "XVI," and

3           (ii) by adding at the end of such section 1101  
4 (a) the following new sentence: "In the case of  
5 Puerto Rico, the Virgin Islands, and Guam, titles  
6 I, X, and XIV, and title XVI (as in effect without  
7 regard to the amendment made by section 301 of the  
8 Social Security Amendments of 1972) shall continue  
9 to apply, and the term 'State' when used in such  
10 titles (but not in title XVI as in effect pursuant to  
11 such amendment after December 31, 1973) includes  
12 Puerto Rico, the Virgin Islands, and Guam.",

13       (B) in section 1115, by—

14           (i) inserting (in the matter preceding subsec-  
15 tion (a)) "VI," immediately after "title I,"

16           (ii) inserting (in subsection (a)) "602," im-  
17 mediately after "402," and

18           (iii) inserting (in subsection (b)) "603," im-  
19 mediately after "403," and

20       (C) in section 1116, by—

21           (i) inserting (in subsection (a)(1)) "VI," im-  
22 mediately after "title I,"

23           (ii) inserting (in subsection (a)(3)) "604,"  
24 immediately after "404,"





1       “*SEC. 9. Beginning with the quarter commencing*  
2 *July 1, 1950, the Secretary of the Treasury shall pay*  
3 *quarterly to each State (from sums made available for mak-*  
4 *ing payments to the States under section 403(a) of the Social*  
5 *Security Act) an amount, in addition to the amount pre-*  
6 *scribed to be paid to such State under such section, equal to*  
7 *80 per centum of the total amount of contributions by the*  
8 *State toward expenditures during the preceding quarter by*  
9 *the State, under the State plan approved under the Social*  
10 *Security Act for aid to dependent children to Navajo and*  
11 *Hopi Indians residing within the boundaries of the State on*  
12 *reservations or on allotted or trust lands, with respect to*  
13 *whom payments are made to the State by the United States*  
14 *under section 403(a) of the Social Security Act, not counting*  
15 *so much of such expenditure to any individual for any month*  
16 *as exceeds the limitations prescribed in such section.’”*

17       *(b) Notwithstanding the provisions of section 301 of*  
18 *the Social Security Amendments of 1972 (as amended by*  
19 *subsection (a) of this section), the Secretary of Health,*  
20 *Education, and Welfare shall make payments to the 50*  
21 *States and the District of Columbia after December 31, 1973,*  
22 *in accordance with the provisions of the Social Security Act*  
23 *as in effect prior to January 1, 1974, for (1) activities*  
24 *carried out through the close of December 31, 1973, under*  
25 *State plans approved under title I, X, XIV, or XVI, of such*

1 *Act, and (2) administrative activities carried out after*  
 2 *December 31, 1973, which such Secretary determines are*  
 3 *necessary to bring to a close activities carried out under such*  
 4 *State plans.*

5 **TITLE III—AMENDMENT TO PART A OF TITLE**  
 6 **IV OF THE SOCIAL SECURITY ACT**

7 **ELIMINATION OF PRECONDITION FOR FEDERAL FINANCIAL**  
 8 **PARTICIPATION THAT CHILDREN IN FOSTER CARE BE**  
 9 **REMOVED FROM THEIR HOMES AS A RESULT OF JUDI-**  
 10 **CIAL DETERMINATION**

11 *SEC. 301. (a) Paragraph (1) of section 408(a) of the*  
 12 *Social Security Act is amended by deleting the “,” at the*  
 13 *end thereof and inserting in lieu thereof “or any other proce-*  
 14 *dures authorized under the State law and approved by the*  
 15 *Secretary”.*

16 *(b) Paragraph (3) of such section is amended by*  
 17 *deleting the “,” immediately preceding “and” and inserting*  
 18 *in lieu thereof “or any other procedure authorized under*  
 19 *State law and approved by the Secretary”.*

20 **TITLE IV—MISCELLANEOUS**  
 21 **PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION**

22 *SEC. 401. Section 203(2) of the Federal-State Ex-*  
 23 *tended Unemployment Compensation Act of 1970 is amended*  
 24 *by adding at the end thereof the following new sentence:*  
 25 *“Effective with respect to compensation for weeks of unem-*  
 26 *ployment beginning after the date of the enactment of this*

1 law), the State may by law provide that the determination of  
 2 whether there has been a State 'on' or 'off' indicator begin-  
 3 ning or ending any extended benefit period shall be made  
 4 under this subsection as if paragraph (1) did not contain  
 5 subparagraph (A) thereof."

6 PROVISIONS RELATING TO THE PROHIBITION OR LIMITA-  
 7 TION BY A FOREIGN COUNTRY OF EXPORTATION OF  
 8 CRUDE OIL TO THE UNITED STATES

9 SEC. 402. During any period during which any foreign  
 10 country prohibits or limits the export of crude oil or refined  
 11 petroleum products from such country to the United States,  
 12 there shall be no export of articles, materials, and supplies  
 13 used in the exploration for crude oil, the extraction or refin-  
 14 ing of crude oil, or the transportation of crude oil or refined  
 15 petroleum products, from the United States to—

16 (1) such country, or

17 (2) any other foreign country which is exporting  
 18 such articles, materials, or supplies to such country.

19 Amend the title so as to read: "An Act to amend the  
 20 Social Security Act, and for other purposes."

Passed the House of Representatives April 2, 1973.

Attest:

W. PAT JENNINGS,

*Clerk.*

Passed the Senate with amendments November 30, 1973.

Attest:

FRANCIS R. VALEO,

*Secretary.*

93<sup>d</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 3153**

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**AN ACT**

To amend the Social Security Act to make certain technical and conforming changes.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 30, 1973

Ordered to be printed with the amendments of the  
Senate



# H.R. 3153

Social Security Amendments of 1973

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## Brief Description of Senate Amendments

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Prepared for the Use of the Conferees



DECEMBER 10, 1973

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

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[Note: All amendments are Committee amendments unless otherwise noted.]

### I. Old Age, Survivors, and Disability Insurance

Section	Bill page	Description
	9	<i>Short title.</i> —Makes short title of bill “Social Security Amendments of 1973.”
	9-15	<i>Table of contents.</i> —Provides a table of contents corresponding to the Senate bill.
101	15-17	<i>Interim benefit increase.</i> —Provides a 7 percent increase in social security benefits effective for the month of enactment and subsequent months through May 1974. (H.R. 11333 provides a “flat” 7 percent increase for March through May 1974.)
102	17-21	<i>Eleven-percent benefit increase.</i> —Effective June 1974, provides an eleven percent social security benefit increase (over the rates in effect prior to enactment). This is in lieu of the 5.9 percent increase scheduled to take place in June 1974 under existing law. (H.R. 11333 also provides an 11 percent increase effective June 1974.)
103	21-24	<i>Automatic cost-of-living increases.</i> —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 percentage that the cost of living has risen, beginning with the January following the latter year. The Senate 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.) (H.R. 11333 also includes this provision.)

## I. Old Age, Survivors, and Disability Insurance—Continued

Section	Bill page	Description
103(l)	24	<i>Special minimum benefit.</i> —Present law provides a special minimum social security benefit equal to \$8.50 times the individual's years of coverage under social security over 10 and up to 30 years. The Senate bill makes the 7 and 11 percent benefit increases applicable to the special minimum. This increases the \$8.50 to \$9.10 effective with the month of enactment and to \$9.50 effective June 1974. For a worker with 30 years of coverage this would mean an increase in his special minimum monthly benefit from \$170 under current law to \$182 on enactment and to \$190 effective June 1974. The Senate bill also makes the automatic cost-of-living increases applicable to the special minimum. (H.R. 11333 would provide a one-time increase of about six percent in the special minimum effective March 1974. This would increase the factor to \$9.00 which would provide a worker with 30 years of coverage a special minimum of \$180 per month.)
104	25-27	<i>Tax base increase.</i> —Provides that wages and self-employment income taxable under social security each year would be increased for 1974 from \$12,600 to \$13,200. Thereafter, as under present law, the base would be increased automatically as wage levels rise. (This provision is also included in H.R. 11333.)
105; 194	27-30; 191	<i>Tax rate changes.</i> —The Senate bill changes the social security tax rates as shown in the following table:

## I. Old Age, Survivors, and Disability Insurance—Continued

## SOCIAL SECURITY TAX RATES

(In percent)

Calendar years	Cash benefits		Hospital insurance		Total taxes	
	Present law	Senate bill	Present law	Senate bill	Present law	Senate bill
Employer-employee, each						
1974 to 1977.....	4.85	4.95	1.00	0.95	5.85	5.90
1978 to 1980.....	4.80	4.95	1.25	1.15	6.05	6.10
1981 to 1985.....	4.80	4.95	1.35	1.40	6.15	6.35
1986 to 2010.....	4.80	4.95	1.45	1.55	6.25	6.50
2011 and after....	5.85	5.95	1.45	1.55	7.30	7.50
Self-employed						
1974 to 1977.....	7.00	7.00	1.00	0.95	8.00	7.95
1978 to 1980.....	7.00	7.00	1.25	1.15	8.25	8.15
1981 to 1985.....	7.00	7.00	1.35	1.40	8.35	8.40
1986 to 2010.....	7.00	7.00	1.45	1.55	8.45	8.55
2011 and after....	7.00	7.00	1.45	1.55	8.45	8.55

Section	Bill page	Description
105; 194	27-30; 191	(H.R. 11333 provides for the same tax schedule as the Senate bill for the cash benefit programs; a Ribicoff floor amendment provided for an increase in the hospital insurance tax rates by .05 percent to meet the costs of the amendment relating to coverage of maintenance drugs (sec. 193). Thus the hospital insurance rates—and, therefore, the total tax rates—are in each year .05 percent higher in the Senate bill than in H.R. 11333.)

## I. Old Age, Survivors, and Disability Insurance—Continued

Section	Bill page	Description
106	30-32	<i>Allocation to Disability Trust Fund.</i> —Under present law, an amount equal to 1.1 percent of wages taxed is allocated out of social security tax collections to the disability insurance trust fund. This is scheduled to increase to 1.15 percent effective in 1978 and to 1.5 percent effective 2011. Under the Senate bill, the allocation would be increased effective 1974 to 1.15 percent with further increases to 1.2 percent in 1978, to 1.3 percent in 1981, to 1.4 percent in 1986 and to 1.7 percent in 2011. Similarly, current law provides for an allocation to the disability trust fund of an amount equal to 0.795 percent of the amount of self-employment income which is subject to social security tax with increases scheduled to 0.84 percent starting in 1978 and to 0.895 percent starting in 2011. The Senate bill would increase the allocation starting in 1974 to 0.815 percent with subsequent increases to 0.85 percent starting in 1978, to 0.92 percent in 1981, to 0.99 percent in 1986, and to 1 percent in 2011. (H.R. 11333 also includes this provision.)
107	32-38	<i>Social security agreements with other countries.</i> —Provides general authority for the President (or the Secretary of Health, Education, and Welfare, as his delegate) to enter into bilateral agreements (generally known as totalization agreements) with interested foreign countries to provide for limited coordination between the U.S. social security system and that of the other country. Each agreement with another country would be reported to the Congress and would become effective not earlier than 90 days later. An agreement would prevent the impairment of social security protection which results when a person works during his lifetime under the social security systems of two countries but is not eligible for benefits on the basis of his work in one of the two countries when he retires, becomes disabled, or dies.

## I. Old Age, Survivors, and Disability Insurance—Continued

Section	Bill page	Description
108	38-40	<i>Treatment of certain farm rental income.</i> —Provides that an individual land owner who enters into an agreement with a person to manage his farm shall not have his rental income under the agreement counted as income for social security purposes, provided that the landowner does not personally participate in the management or production of the farmland.
109	40-41	<i>Cost-of-living study.</i> —Directs the Department of Health, Education, and Welfare (HEW) to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost-of-living differentials among the States or among different areas within a State.
110	41-42	<i>Policemen in Louisiana.</i> —Permits policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security coverage at any time during 1974 without requiring that other employees lose their social security coverage.
111	42-44	<i>Policemen and firemen in California.</i> —Permits policemen and firemen in California to withdraw from social security coverage without requiring that other employees lose their social security coverage. The regular termination procedures, including 2 years' advance notice, would apply.
111A	44	<i>New Jersey employees.</i> —Adds New Jersey to the list of States permitted to divide a public retirement system coverage group to obtain social security coverage for a part of the group. (Williams floor amendment adopted by voice vote.)
111B	44-46	<i>Actuarially reduced benefits for widows at age 55.</i> —Reduces the age of eligibility of widows for reduced social security benefits from age 60 to age 55; applies the same reduction as applies to disabled widows under age 60. (Byrd, W. Va. floor amendment adopted by roll call vote of 74 yeas, 13 nays.)

## I. Old Age, Survivors, and Disability Insurance—Continued

Section	Bill page	Description
111C	46-47	<i>Increase in earnings limitation; lowering of age at which limitation ceases to apply.</i> —(1) Increases from \$2,400 to \$3,000 the amount a social security beneficiary may earn in calendar year 1974 with no reduction in social security benefits; (2) reduces from 72 to 70 the age at which there is no reduction in social security benefits due to earnings. (Byrd, W. Va. floor amendment, modified at the suggestion of Senator Tower to include the second provision, adopted by roll call vote of 83 yeas, 1 nay.)
111D	47-48	<i>Consumer price index for the aged.</i> —Directs the Secretary of Labor to prepare a "consumer price index for the aged", separate from the regular consumer price index, designed to reflect the relative price information for persons 65 and over. Amends the automatic cost-of-living provisions of the social security program to relate the automatic increases to either the consumer price index or the new consumer price index for the aged, whichever is higher. (Buckley floor amendment adopted by voice vote.)
111E	48-53	<i>Disability insurance for the blind.</i> —Provides for paying disability benefits for blind people who have at least 6 quarters of social security coverage and for allowing an alternative method of computing the amount of such benefits. Benefits for the blind would be paid without regard to earnings (both before and after age 65) or ability to work. Blind persons would also not be required to accept vocational rehabilitation services. (Hartke floor amendment adopted by voice vote.)

## II. Tax Credit for Low-Income Workers With Families

112	53-64	The Senate amendment adds a new provision to the tax laws which provides that a low-income worker who maintains a household in the United States which includes one or more of his dependent children is to receive a credit equal to a specified percentage of the combined employer-employee social security taxes generated by his employment if his wages do not exceed \$4,000. (This percentage of social security taxes is the equivalent of 10 percent of wages.) In the case of
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## II. Tax Credit for Low-Income Workers With Families—Con.

Section	Bill page	Description
112	53-64	<p>married taxpayers, the tax credit would be computed on the basis of the combined earnings of both the husband and wife. The tax credit is to be gradually reduced for income over \$4,000 a year by one-fourth of the income (from whatever source derived) of the individual (and of the spouse in the case of a married taxpayer) over this amount. This will result in a complete phaseout of the credit where the total income equals \$5,600. In determining when an individual's "income" exceeds \$4,000 for purposes of this tax credit, "income" is defined as including all his adjusted gross income, including certain income which is specifically excluded from the income tax base (for purposes of subtitle A of the Internal Revenue Code) and including certain transfer payments and payments for the general support of the taxpayer (such as social security, welfare, and veterans' payments, and food stamps, but not transfer payments for medicare, medicaid, and the furnishing of prosthetic devices). Individuals who are eligible to receive the tax credit may apply for advance payments on a quarterly basis throughout the year, but any payments made in excess of what the individual is entitled to receive would be subject to recapture. An individual could elect to take a credit against his income tax in the same manner as an overpayment of income tax. Applications for advance refund payments are to be filed with the Internal Revenue Service and are to be made in a manner prescribed by regulations. The Internal Revenue Service is expected to make these payments as promptly as possible after the application (but not less frequently than once every three months). These payments are not to be included in the income of the taxpayer for income tax purposes, and are to be made regardless of any tax liability, or lack of it, on the part of the taxpayer. This amendment would apply in 1974; however, the first advance refund is not to be made before July 1974. Payments under this tax credit provision would reduce AFDC payments on a dollar-for-dollar basis.</p>

### III. Supplemental Security Income Program

Section	Bill page	Description
121	64-65	<i>Increases in SSI benefits.</i> —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). These amounts are now scheduled to be increased effective July 1974 to \$140 for an individual and \$210 for a couple. The Senate bill would make these higher amounts of \$140 and \$210 effective from the start of the SSI program in January 1974 and provides for a further increase, effective July 1974, to \$146 for an individual and \$219 for a couple. (H.R. 11333 also provides for these increases.)
122	65-68	<i>Food stamp eligibility for SSI recipients.</i> —Repeals the provisions of current law which make some SSI recipients ineligible to participate in the food stamp or surplus commodities programs. (Under present law an individual is ineligible if his SSI benefit, plus any State supplementary payment, is at least equal to what his assistance payment would have been under the former welfare program plus the bonus value of food stamps.) In conformity with this, section 122 also eliminates from the savings clause for State supplementary payments the adjustment for "cashing out" food stamps, since SSI recipients will not be statutorily ineligible for food stamps. (The Senate bill provides for a transitional period until July 1975 during which States could receive this adjustment for cashing out food stamps; during this period SSI recipients in the affected States would be ineligible for food stamps.)
123	68	<i>Limitation on grandfather clause for disabled individuals.</i> —When the SSI program goes into effect in January 1974, disabled persons who were on the welfare rolls in December 1973 would, under existing law, continue to be considered to be disabled even if they did not meet the new definition of disability. The Senate bill 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.

### III. Supplemental Security Income Program—Continued

Section	Bill page	Description
124	68-70	<p><i>SSI recipients living with AFDC families.</i>—Under current law, States will be required starting in January 1974 to provide supplementary payments to persons getting aid to the aged, blind, and disabled as of December 1973 in an amount sufficient to assure that such persons will have no reduction in total income when they come under the new SSI program. The Senate bill would permit States to adjust the level of mandatory supplementation in such a way that it assures the same level of total family income (rather than the <i>individual's</i> total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides, however, that the SSI recipient would have to 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.</p>
125	70	<p><i>Disregard of certain benefits.</i>—Provides that certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit. This provision would apply to such benefits only if they are limited to persons aged 65 or over who have lived in a State at least 25 years. It also applies only to benefit programs which had been established prior to July 1973.</p>
126	70-73	<p><i>Continuation of demonstration projects.</i>—Authorizes 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 under his demonstration project authority in section 1115 of the Act. Section 1115 does not apply to the new SSI program. The Senate bill would permit the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects and would also authorize continued Federal funding of projects to the same</p>

### III. Supplemental Security Income Program—Continued

Section	Bill page	Description
126	70-73	extent as such funding would have been available if the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the provision permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.) This section of the bill applies only to projects which were already approved prior to October 1, 1973.
127	73	<i>Combined checks for married couples.</i> —Current law permits the Social Security Administration to enable a surviving spouse to negotiate a social security check which had been issued jointly to the survivor and the deceased spouse. The Senate bill makes this authority also applicable to SSI checks thus making it feasible for the Social Security Administration to issue joint SSI checks to couples who request them.
128	73	<i>Emergency payments to SSI recipients.</i> —Authorizes the Secretary to enter into arrangements with States under which the States will act as the Secretary's agent in emergency circumstances in making SSI benefit payments. (Magnuson floor amendment adopted by voice vote.)
129	74-75	<i>Disregard of certain income for SSI purposes.</i> —Under Public Law 93-66, States are required to guarantee present recipients of aid to the aged, blind, and disabled no reduction in income when the new SSI program goes into effect next January. Section 129 would require States to increase this guarantee level by the amounts that Federal SSI benefits, social security benefits, and railroad retirement benefits have been increased due to the enactment of legislation this year. (Eagleton floor amendment adopted by roll call vote of 49 yeas, 34 nays.)
	75	<i>Value of an individual's home.</i> —Directs the Secretary of HEW, in setting a reasonable upper limit on the value of the home an individual may have and still be eligible for SSI payments, to take into account the value of other homes in the region and area in which the individual lives. (Cranston floor amendment adopted by voice vote.)

### III. Supplemental Security Income Program—Continued

Section	Bill page	Description
130A	75-76	<i>Individual living in another person's household.</i> —Present law requires that SSI payments be reduced one-third if the recipient lives in another person's household and receives support and maintenance in-kind from the person. Section 130A decreases this one-third reduction by the amount the recipient actually pays for the support and maintenance. (Cranston floor amendment adopted by voice vote.)
130B	76	<i>Value of resources.</i> —Directs the Secretary, in determining the value of a resource for purposes of the SSI program, to decrease that value by the amount of any encumbrance on the resource. (Cranston floor amendment adopted by voice vote.)
130C	76	<i>Education expenses.</i> —Present law excludes from income, for SSI purposes, that portion of a scholarship which pays for tuition and fees. Section 130C extends the exclusion to that portion of a scholarship used for books, supplies, services, and other expenses reasonably attributable to going to school. (Cranston floor amendment adopted by voice vote.)

### IV. Social Services

131(a)	77-87	<i>State control of social services.</i> —Provides effective November 1, 1973 that, subject to the statutory limit on the amount of Federal funding available for social services, the provisions of the Social Security Act are not to be construed as restricting the freedom of States to determine what social services will be made available, who will be eligible for services, or how and under what conditions services will be furnished. Defines "social services" as services which the States find appropriate to meet the goals of self-support, family care or self care, community-based care, or institutional care and lists 24 services which are included in that definition. Provides further that States may also include any other service they find appropriate for meeting the specified goals.
	87	<i>Prohibition against refinancing of State costs.</i> —Provides effective July 1, 1974, that Federal social services funds may not be used for

## IV. Social Services—Continued

Section	Bill page	Description
131(a)	87	purchasing services from public agencies which were previously funded with non-Federal funds except in cases where Federal funding had been provided for those services within the past three years.
131(b)	87	<i>Repeal of limit on funding of services to potential recipients.</i> —Repeals the provision under which States must limit their use of Federal funds for social services (except for certain specific types of services) in such a way that at least 90 percent of the funding is used for actual (as opposed to potential) welfare recipients.
132	88-92	<i>Fiscal 1974 funding limit on social services.</i> —For fiscal year 1974 only, reduces the \$2.5 billion limit on Federal funding for social services to \$1.9 billion. Establishes a formula under which each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of its expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining first quarter expenditure levels and \$1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the \$2.5 billion limit enacted in 1972, except that \$50 million would be available for allocation by the Secretary of Health, Education, and Welfare: (1) to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the \$2.5 billion limit under a savings clause in Public Law 92-603) from falling below fiscal 1973 funding levels; (2) to provide additional funding for States which would otherwise be limited under the basic formula to a relatively small part of their regular allocation under the full \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974; and (3) for funding programs with a potential for yielding a high level of benefit in relation to the costs involved.

## IV. Social Services—Continued

Section	Bill page	Description
133	92-98	<i>Elimination of restrictive language.</i> —Revises the present provisions of titles I, IV, VI, X, XIV, and XVI of the Social Security Act which deal with the funding of social services provided under those titles by removing language authorizing the Department of Health, Education, and Welfare to place restrictions on State social services programs; these restrictions would be inconsistent with the changes made by section 131 of the Senate bill.
134	99-100	<i>Annual reports on social services.</i> —Requires an annual report by the Secretary of HEW to the Congress on the uses which each State has made of its social services funds.
135	100	<i>Use of donated funds for social services matching.</i> —Permits States to use donated funds (including in-kind contributions) as the State share of matching for social services.
136	100-101	<i>Minimum mandatory services for aged, blind, and disabled.</i> —Requires States to provide at least three types of services for recipients of supplemental security income. (Kennedy floor amendment adopted by voice vote.)
137	101-102	<i>Prior reporting requirement.</i> —Requires that States compile and make public, at least 45 days before the beginning of a fiscal year, a list of the social services to be provided during the fiscal year, indicating the types of service, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type of service. The State may subsequently revise its plan. (Dole floor amendment adopted by voice vote.)
138	102	<i>Effective dates.</i> —Sections 131, 133, and 135 of the Senate bill are effective November 1, 1973.
139	102-103	<i>Child care standards.</i> —Requires that child care provided under the Social Security Act meet the following standards: (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations; and (2) out-of-home day care facilities shall meet State licensing requirements and (with modifications) the provisions of the Federal Interagency Day Care

## IV. Social Services—Continued

Section	Bill page	Description
139	102-103	Requirements of 1968. Specifically, section 139 sets a limit of not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 15 children age 6 to 9 per adult; and not more than 20 children age 10 to 14 per adult. Other requirements involve staff qualifications, health services and social services, and parent involvement. (Mondale floor amendment adopted by roll call vote of 67 yeas, 20 nays.)
140	103-104	<i>Social work training.</i> —Present law authorizes 75 percent Federal matching under the Social Security Act for “the training of personnel employed or preparing for employment by the State or local welfare agency.” Under this provision, States have made grants to educational institutions and have given financial assistance to students. Section 140 explicitly authorizes them to do so in the statute. (Nelson floor amendment adopted by voice vote.)
140A	105	<i>Fair hearing.</i> —In the program of services for the aged, blind, and disabled, section 140A requires the State to provide an opportunity for a fair hearing to individuals denied services or otherwise aggrieved. (Cranston floor amendment adopted by voice vote.)
140B	105-107	<i>Reallotment of social services funds.</i> —Provides, in any year after fiscal year 1974 that States do not use the full \$2.5 billion authorized for social services under the Social Security Act, that unused funds may be reallotted, on the basis of population, among the States which can use additional funds. (Cranston floor amendment adopted by voice vote.)

## V. Child Welfare Services

141	107	<i>National adoption information exchange system.</i> —Authorizes \$1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. Authorizes the Secretary of Health, Education, and Welfare to “provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist
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## V. Child Welfare Services—Continued

Section	Bill page	Description
141	107	in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption."
142	108	<i>Child abuse and neglect; protective services.</i> — Adds requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

## VI. Child Support

151	110-137	<i>Federal duties and responsibilities.</i> —The Senate amendment leaves basic responsibility for child support and establishment of paternity to the States and provides for a far more active role on the part of the Federal government in monitoring and evaluating State child support programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them. To assist and oversee the operations of State child support programs the Department of Health, Education, and Welfare would be required to set up a separate organizational unit under the direct control of an Assistant Secretary for child support who would report directly to the Secretary. This agency would review and approve State child support plans, evaluate the implementation of the child support program in each State and provide technical assistance to the States to help them to establish effective systems for determining paternity and collecting support. HEW would be specifically required to prescribe the organizational structures, minimum staffing levels (and types of staffing, e.g., attorneys, collection agents, locator personnel), and other program requirements which
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## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p data-bbox="649 472 1188 919">States must have in order to be found in conformity with the law. The Department would also be required to maintain adequate records of and publish periodic reports on the operations of the program in the various States and nationally. HEW duties would also include approving applications from a State for permission to sue in Federal court in a situation where a prosecuting attorney or court in another State does not undertake to enforce the court order against a deserting father within a reasonable time. The originating State, under these circumstances, would be authorized to enforce the order against the deserting father in the Federal courts.</p> <p data-bbox="629 921 1196 1640"><i>Penalty for State non-compliance.</i>—HEW would have the duty of performing an annual audit in each State and of making a specific finding each year as to whether or not the child support program as actually operated in that State conforms to the requirements of law and the minimum standards for an effective support program. These audits are to be conducted by the new child support agency which the bill creates within the Department. A State will not be found to have an acceptable program unless it adequately cooperates in obtaining child support payments from the absent parents of AFDC children who reside in other States. If the minimum standards are not met, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable lead time to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1976.</p> <p data-bbox="632 1642 1196 1801"><i>Locating a deserting parent; access to information.</i>—Establishes a parent locator service within the Department of HEW's separate child support unit. This unit, upon request of (1) a local or State official with support collection responsibility under this program,</p>

## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>(2) a court with support order authority, or (3) the agent of a deserted child not on welfare, will make available the most recent address and place of employment of a deserting parent which it can obtain from HEW files or the files of any other Federal agency, or of any State. Information of a national security nature or information in highly confidential files such as those of the Bureau of the Census would not be divulged. Welfare information now withheld from public officials under regulations concerning confidentiality would be made available; this information would also be available for other official purposes. This change would permit a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official to obtain welfare information required in connection with official duties, such as obtaining support payments or prosecuting fraud or other criminal or civil violations.</p>
		<p><i>Collection of support payments by State and local agencies.</i>—Requires that a mother, as a condition of eligibility for welfare, assign her right to support payments to the State and cooperate in identifying and locating the father, in securing support payments, and in obtaining any money or property due the family. (The ineligibility of a non-cooperating mother would apply only to her and not to her children. Assistance payments would be made to the children under a protective payment provision which would assure that the children get the benefit of such payments.) The assignment of support rights will continue as long as the family continues to receive assistance. When the family goes off the welfare rolls, the deserting parent may be required, if the State wishes, to continue for a period not to exceed three months to make payments to the government collection agency (which will pay the money over to the family at no cost to them). This period will allow the collection agency time to notify the father that he will be making support payments in the future directly to the family, and to take any other necessary</p>

## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>administrative actions. The support obligation would become a debt owed by the absent father to the State. The amount of this debt would be determined by a court order if one were in existence. In the absence of a court order the amount of the obligation would be an amount determined by the State in accordance with a formula approved by the Secretary of HEW. Also, the rights of the wife and child may not be discharged in bankruptcy merely because the support obligation is a debt to the State. Federal matching of the State administrative costs will be increased from 50 percent to 75 percent; matching will apply to expenditures under the State or local support programs which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent. States would be free to establish such a unit within or outside their welfare agencies. Financial arrangements for costs of law enforcement officials and courts directly related to the child support program will also be subject to 75 percent Federal matching. States would be allowed to use the Federal income tax collection mechanism for collecting support payments. This mechanism would be available only in cases in which the State can establish to the satisfaction of HEW that it has made diligent efforts to collect the payments through other processes but without success. A preexisting court garnishment order for support of another child against the absent father's wages would take precedence over this procedure.</p> <p><i>Incentives for localities to collect support payments.</i>—If the actual collection and deter-</p>

## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>mination of paternity is carried out by local authority, the local authority would receive a special bonus based on the amount of any child support payments collected which result in a recapture of amounts paid to the family as AFDC. The bonus based on collections of the parent's support obligation would be 25 percent for the first 12 months of support obligations owed; subsequent collections recovered would result in a bonus of 10 percent. This bonus would come out of the Federal share of the amounts recovered. Similarly, in the situation where the location of runaway parents and the enforcement of support orders is carried out in a State other than that in which the deserted family resides, the State or local authority which actually carries out the location and enforcement functions will be paid the bonus. The Federal Government would have to be reimbursed for any Federal costs (other than for blood typing tests) incurred to aid the States and localities in their support collection and determination of paternity efforts. These costs for welfare recipients would be subject to 75 percent Federal matching.</p> <p><i>Distribution of proceeds.</i>—The amount collected would be retained by the Government to partly offset the current welfare payment (except that for the first year of the program 40 percent of the first \$50 a month collected will go to the family). If the collection is more than what is needed to fully offset the current month's AFDC payment, the additional amount up to the family's support rights as specified in a court order goes to the family. If there is still an excess above this, it is retained by the Government to offset past welfare payments. In any case in which a large collection is made which more than repays all past welfare payments, any such excess would go to the family. The amounts retained by the Government are distributed as between Federal and State Governments according to the proportional matching shares which each has under the AFDC formula. States would be required to make the AFDC payment without a reduction for</p>

## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>child support collections until the proceeds for a month equal or exceed the assistance payment for that month. (In such a month the family would not be eligible for AFDC.) All collections of child support would be made to the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance.</p> <p><i>Blood typing laboratories.</i>—The Department of Health, Education, and Welfare will establish or arrange for regional laboratories that can perform the blood typing work necessary for purpose of establishing paternity for State and local collection agencies and the courts. The services of the laboratories would be available through a court with respect to any paternity proceeding, not just a proceeding brought on behalf of a welfare recipient. Services will be provided by the Department of HEW to courts and governmental collection agencies without cost.</p> <p><i>Garnishment and attachment of Federal wages.</i>—The wages of Federal employees, including military personnel, would be subject to garnishment in support and alimony cases. In addition, annuities and other payments under Federal programs in which entitlement is based on employment would also be subject to attachment for support and alimony payments. This provision would be applicable whether or not the family upon whose behalf the proceeding is brought is on AFDC. This overrides provisions in various social insurance or retirement statutes which prohibit attachment or garnishment.</p> <p><i>Support collection for non-welfare families.</i>—The procedures adopted for locating absent parents, establishing paternity, and collecting child support would be made available to families even if they are not on the welfare rolls. The expert blood typing services provided for in the bill would be available through a court in non-welfare cases without cost. In the case of parent location services, a fee would be charged in non-welfare cases. For other support collection services, States</p>

## VI. Child Support—Continued

Section	Bill page	Description
151	110-137	<p>could charge an application fee which would have to be approved as reasonable by the Department of Health, Education, and Welfare, and States could deduct the remaining costs of collection from any amounts actually collected. The 75 percent Federal matching for State costs would be provided for this part of the program for the first year of operation.</p> <p><i>Effective date.</i>—The garnishment of Federal wages would be effective January 1, 1974; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1976; and the other child support provisions of section 151 would be effective July 1, 1974.</p>

## VII. Aid to Families With Dependent Children

161	137-138	<p><i>Pass-along of social security benefit increase to AFDC recipients.</i>—Requires States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective as of the first month in which increased social security benefits are paid under the bill's social security benefit increase provisions.</p>
162	138-139	<p><i>Modification of earnings disregard provision.</i>—Modifies the earnings disregard formula and allows only day care as a separate deductible work expense (with reasonable limitations on the amount allowable for day care expenses). Under section 162, States would be required to disregard the first \$60 earned monthly by an individual working full time (\$30 in the case of an individual working part-time) plus one-third of the next \$300 earned plus one-fifth of amounts earned above this.</p>
163	139-140	<p><i>Community work and training programs.</i>—When the Work Incentive Program was enacted as part of the Social Security Amendments of 1967, the community work and training provisions of the Aid to Families with Dependent Children program (which permitted States</p>

## VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
163	139-140	to make AFDC payments in the form of payments for work performed meeting certain statutory criteria) were deleted. Section 163 permits States to have community work and training programs as in prior law, in addition to work and training under the Work Incentive Program. The Senate bill precludes States from requiring participation in a community work and training program by a father who is incapacitated or by a mother who (1) has children under 6; (2) is ill, incapacitated, or of advanced age; (3) is too remote from an employment program to be able to participate in such a program; (4) is needed at home to care for an incapacitated family member; (5) is attending school on a full-time basis; or (6) is participating in a work incentive program. In addition, if a relative with whom a child is living is denied aid because of failure to comply with the requirements of the community work and training program, the child will be eligible for assistance in the form of protective payments. (Committee amendment; exemptions from mandatory participation and protective payment provision added by Long floor amendment on behalf of Senator Cranston, adopted by voice vote.)
164	140-143	<i>State demonstration projects.</i> —Authorizes demonstration projects to permit States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of persons who are on assistance. States would be limited to not more than 3 demonstration projects under this authority; one of the projects could be statewide. None of the projects could last for more than two years, and all authority for the projects would terminate June 30, 1976. States would be permitted for demonstration purposes to waive the requirements of the Aid to Families with Dependent Children program relating to (1) statewideness; (2) administration by a single State agency; (3) the earned income disregard (but in no case could a State offer an earned income disregard of more than 50 percent); and (4) registration



## VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
164	140-143	<p>in the Work Incentive Program and other requirements related to that program. The State could waive any or all of these requirements on its own initiative unless and until the Secretary disapproved the waiver as inconsistent with the purposes of section 1115 and the AFDC law. If the waiver was disapproved by the Secretary, the demonstration project would terminate by the end of the month following the month in which it was disapproved. As part of a demonstration project, the State could use welfare funds to pay part of the cost of public service employment. Revenue sharing funds could be used for the non-welfare share of the salaries. Wages of project participants could not be higher than those for similar work in the community. The conditions of public service employment which apply to the Work Incentive Program (relating to health and safety standards, no displacement of employed workers, working conditions, and workmen's compensation) would also apply to public service employment under these demonstration projects. The State welfare agency would also be free to contract with non-profit private institutions organized for a public purpose, such as hospitals, to carry out such projects. When unemployed fathers (as well as other relatives) are placed in public service employment, Federal matching will continue for the portion of the salary equal to the former welfare payments and it will be available for wage payments. Participation by welfare recipients in the demonstration projects would be voluntary. The amount matchable with respect to any participant in the project may not exceed the amount which would otherwise have been payable to him had he continued to receive AFDC.</p>
165	143-144	<p><i>Study of minimum AFDC ineligibility rates.</i>—Directs the Secretary of HEW to study and report to the Congress within one year his recommendations concerning the appropriateness of establishing nationwide rates of ineligibility and overpayment which may reasonably be expected to occur under AFDC. (Bellmon floor amendment adopted by voice vote.)</p>

## VII. Aid to Families With Dependent Children—Continued

Section	Bill page	Description
151(c)(5) (C)	132	<i>Social security numbers.</i> —Requires applicants, as a condition of eligibility for assistance, to furnish their social security numbers to the welfare agency and requires welfare agencies to use social security numbers in addition to other means of identification in administering their welfare plans.
301	234	<i>AFDC foster care.</i> —Under existing law, the Federal Government participates in the cost of foster care under Aid to Families with Dependent Children only if the placement of the child results from a judicial determination that continuation in his own home would be contrary to the welfare of the child. Section 301 would also permit Federal matching if the child is placed in foster care under any other procedures authorized under State law and approved by the Secretary. (Javits floor amendment adopted by voice vote.)

## VIII. Medicare and Medicaid Amendments

171	144-159	<p><i>Amendments relating to Medicaid eligibility for recipients under the Supplemental Security Income program: A. Conforming changes.</i>—When Congress passed the Supplemental Security Income (SSI) program, which next January will replace the Federal-State cash assistance programs for the aged, blind and disabled, by oversight the necessary conforming changes were not made in the Medicaid (Title XIX) law to reflect the federalization of the adult categories under Title XVI. Medicaid eligibility is thus linked only to eligibility for cash assistance under the old Federal-State programs which expire December 31, 1973. The bill makes the necessary conforming changes, effective January 1, 1974, to allow Federal matching under Title XIX for persons eligible for the SSI program. (A similar provision is incorporated in the House version of H.R. 3153.)</p> <p><i>B. Mandatory extension of Medicaid coverage.</i>—States are required by P.L. 93-66, as a condition for Medicaid matching, to pay a mandatory supplement to any recipient of assistance in December 1973 who is receiving more than the Federal SSI amount, until such time that his income changes or he otherwise</p>
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## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	<p>becomes ineligible. All persons who would qualify for the mandatory supplement are eligible for Medicaid under current law on the basis of their receipt of cash assistance. Although the Congress required States to pay a mandatory supplement to persons on the rolls in December who receive more than \$130 under the current cash assistance programs (due to rise to \$140 under the Senate bill), it did not specifically require that States continue Medicaid benefits for these persons. Section 171 requires States to continue Medicaid coverage for persons who receive mandatory State supplementary benefits until such time as the person becomes ineligible for the mandatory supplement. For all other recipients of State supplements only (that is, persons coming on the rolls for the first time after December 1973 whose income is too high for them to be eligible for SSI payments but who are eligible for a State supplementary payment), the State could cover them, but would not have to.</p>

*C. Medicaid eligibility determinations.*—In Public Law 92-603, a provision was written into Medicaid allowing a State the option of either covering all SSI recipients or not covering the newly eligible SSI recipients who would not have met the State's January 1, 1972 standard for determining Medicaid eligibility. However, the provision did not specify the criteria for Medicaid eligibility which would be applicable to persons receiving State supplemental payments only. Making all persons who receive an SSI payment eligible for Medicaid matching does not automatically assure that all recipients of cash payments authorized under the new Title XVI (SSI program) will be eligible for Medicaid matching. Some persons will receive only a State supplementary payment; because their countable income is more than \$140 (\$146 effective July 1, 1974) they will not receive an SSI benefit. Many of these persons are currently eligible for Medicaid on the basis of their receipt of cash assistance under the current adult titles and therefore would continue their eligibility under the bill.

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	<p>However, persons newly eligible for cash payments as State-supplement-only individuals would be precluded from coverage if States are not allowed Medicaid matching to cover these persons as cash assistance recipients for purposes of Title XIX. Section 171 would allow all States the option of covering all persons or a reasonable classification of persons who receive only State supplementary payments under Medicaid, regardless of whether the supplement is federally or State administered. Eligibility must, however, be based on rational classifications (such as the aged, or the blind, or the disabled or persons in domiciliary care). The Social Security Amendments of 1972 included a provision requiring States who do not cover all SSI recipients under Medicaid to make eligible aged, blind or disabled persons who meet all other eligibility requirements and whose medical expenses reduce their income to the medical assistance eligibility level. Section 171 specifies that persons who become eligible for Medicaid under this "spend-down" provision will be deemed "categorically needy" (that is, the equivalent, for Medicaid purposes, of cash assistance recipients) in States which do not have medically needy programs. In States which cover the medically needy, such persons would be deemed categorically needy if (1) they are receiving or are eligible to receive a State supplementary payment and similarly situated individuals are similarly treated; or (2) they are an individual or spouse eligible to receive a Title XVI benefit. Persons not meeting the income criteria for cash assistance would be deemed medically needy.</p> <p><i>D. Medicaid coverage of institutionalized individuals.</i>—Under current law, States are permitted to make institutionalized individuals eligible for Medicaid by declaring that such persons would need cash assistance if they were outside the institution. States establish this standard of need (usually higher than the standard applicable to non-institutionalized individuals) in their cash assistance programs for the aged, blind, and</p>

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
171	144-159	disabled. Section 171 allows a State to deem an institutionalized person in need of a supplementary payment if his income is within 300 percent of the SSI benefit level applicable to a noninstitutionalized individual with no other income. This limitation would not apply to current Medicaid eligibles in nursing homes who were grandfathered into continued Title XIX coverage by Section 231 of P.L. 93-66.
172	159-161	<i>Health Maintenance Organizations under Medicaid.</i> —Requires, beginning July, 1974, that Medicaid payments to HMO's generally be subject to the same requirements as Medicare payments to HMO's, under final regulations prescribed by the Secretary of Health, Education, and Welfare issued no later than April 30, 1974. However, section 172 (1) authorizes incentive capitation payments to otherwise qualified organizations without requiring that they have at least two years of operating experience; and (2) sets a required minimum enrollment of 5,000 individuals, generally at least half of whom may not be Medicare or Medicaid recipients, compared with the 25,000 minimum required for Medicare. (Committee amendment; requirement that regulations be issued by April 30, 1974 added by Cranston floor amendment adopted by voice vote.)
173	161-162	<i>Payments to substandard facilities.</i> —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, and is similar to a provision in present law with respect to adult assistance categories.
174	162	<i>Federal matching under Medicaid for care to Indians.</i> —Effective January 1, 1974, provides 100% Federal matching under Medicaid for services provided individuals who at any time during the year preceding the

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
174	162	month in which services were received were eligible under the Indian Health Services Program and resided (1) on or adjacent to a Federal Indian reservation; or (2) in Alaska. (Committee amendment; Alaska added by Gravel floor amendment adopted by voice vote.)
175	163	<i>Buy-in agreement under Medicare.</i> —Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program. The bill provides that, effective January 1, 1974, a State which did not have a Medicaid program as of October 1, 1973 shall be deemed to have a Medicaid program for purposes of Federal matching for the buy-in under Part B of Medicare for covered individuals.
176	164-166	<i>Payment for supervisory physicians in teaching hospitals.</i> —Section 176 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, certain provisions of Section 227 of P.L. 92-603, limiting Medicare reimbursements to medical centers for the services of teaching physicians on a fee-for-service basis, would be suspended for 1 year (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.
181	166-167	<i>Medicare administration and policy.</i> —The bill includes a provision formally assigning policy and operating responsibility for the Medicare program to the Social Security Administration.
182	167-168	<i>Chronic renal disease.</i> —In extending Medicare coverage to include chronic renal disease, the Congress authorized the Secretary to establish standards for facilities participating in the renal disease program. Under the law such standards if promulgated must include at least requirements for minimum utilization rates and for medical review boards. The bill requires the Secretary to develop and apply minimum utilization rates

## VIII. Medicare and Medicaid Amendments--Continued

Section	Bill page	Description
182	167-168	for facilities reimbursed under the dialysis and transplantation provision and mandates the Secretary to require that such facilities have independent medical review boards to evaluate the appropriateness of patients for treatment. The bill also requires that payment for dialysis services will be reasonably related to the cost of providing those services.
183	168-169	<i>Capital expenditures planning.</i> —Last year's Social Security Amendments preclude Federal reimbursement for major capital expenditures which have been disapproved by State planning agencies. Section 183 provides that effective July 1, 1974, authorization of reimbursement from Medicare for expenditures incurred in the administration of this capital planning provision shall be limited to those costs directly associated with submitting reports and processing appeals concerning approved or disapproved capital expenditures.
184	169-170	<i>Occupational therapy under Medicare.</i> —Expands the outpatient physical therapy and speech pathology benefits as provided through clinics and other organized settings to include occupational therapy. Additionally, provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.
185	170	<i>Basis of Medicare payment for services furnished by providers.</i> —Present law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public, effective January 1973. Section 185 postpones the effective date to January 1974.
186	170-171	<i>Outpatient speech pathology.</i> —Makes clear that a physician's referral for speech pathology service need not necessarily detail the amount, duration and scope of services required.

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
187	171	<i>Statewide professional standards review organizations.</i> Specifically provides that the Secretary may designate a State as a PSRO area and that he may not refuse to make such designation solely on account of the number of physicians in a State.
188	171-172	<i>Priority in designation of professional standards review organizations.</i> —Specifies that the Secretary shall give priority to designating PSRO areas on a local (medical service area) basis and also give priority to designating qualified local organizations as PSRO's where feasible.
189	172-174	<i>Statewide professional standards review councils.</i> —Present law does not provide for a Statewide Council and, therefore, for an appeals mechanism at the State level, where there are only one or two PSRO's in a State. Section 189 provides that in a State with two PSRO's, a Statewide Council would be established consisting of two physician representatives from each PSRO in the State plus two physicians designated by the State medical society plus two physicians designated by the State hospital association, as well as four persons knowledgeable in health care selected by the Secretary as public representatives. Two of the public representatives would be chosen from nominees recommended by the Governor of the State. In a State with one PSRO, a Statewide Council would be established consisting of two physicians designated by the State hospital association, four physicians nominated and elected from and by the general PSRO membership on an annual basis, plus four public representatives knowledgeable in health care selected by the Secretary. Two of the public representatives would be selected from nominees recommended by the Governor of the State.
190	174	<i>Reimbursement of physical therapists and other therapists under Medicare.</i> —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. Regulations implementing the provisions have not



## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
190	174	been issued as yet; section 190 postpones the effective date of Public Law 92-603 until after final regulations have been published.
191	174	<i>Federal employees' health plan and Medicare.</i> —Section 210 of P.L. 92-603 provides that Medicare will not pay for services covered under the Federal employee health programs beginning January 1, 1975, unless the Secretary certifies before then that certain coordination features between the 2 programs have been accomplished. Section 191 changes the effective date of the provision to January 1, 1976.
192	175	<i>Coverage of Diagnostic Services by Optometrists.</i> —Directs the Secretary to conduct a study of the appropriateness of reimbursement under Medicare for diagnostic professional services performed by optometrists on aphakic patients (patients whose natural lenses have been removed), other than refractive services.
193	175-191	<i>Coverage of drugs under Medicare.</i> —Amends Part A of Medicare to cover the costs of certain specified drugs, purchased on an out-patient basis, which are necessary in the treatment of certain crippling or life-threatening chronic disease conditions of the aged. Beneficiaries would be liable for \$1.00 of the cost of each prescription of a drug included in the reasonable cost range plus any cost in excess of the top of the reasonable cost range. Under the provision, the drugs covered are those within specified therapeutic categories which are necessary in the treatment of the following conditions: Diabetes; high blood pressure; chronic cardiovascular disease; chronic respiratory disease; chronic kidney disease; arthritis and rheumatism; gout; tuberculosis; glaucoma; thyroid disease; cancer; epilepsy; parkinsonism; myasthenia gravis. The bill would exclude drugs not requiring a physician's prescription (except for insulin), drugs such as antibiotics which are generally used for a short period of time and drugs such as tranquilizers and sedatives which may be used not only by beneficiaries suffering from serious chronic illnesses, but also by many other persons as

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
193	175-191	well. Section 193 would establish a Medicare Formulary. The Formulary would be compiled by a committee consisting of five members, a majority of whom would be physicians. Members would include the Commissioner of Food and Drugs and four individuals of recognized professional standing and distinction in the fields of medicine, pharmacology or pharmacy who are not otherwise employed by the Federal Government and who do not have a direct or indirect financial interest in the economic aspects of the committee's decisions. The Formulary Committee's primary responsibility would be to compile a Medicare Formulary which would contain a listing of the drug entities within the therapeutic categories covered by the program which, based upon its professional judgment, the committee finds necessary for proper patient care. Participating pharmacies would file either their usual and customary markup or professional fee schedules as of June 1, 1972, which would then be applied to the estimated acquisition cost (usually average wholesale price) of the drug product. The usual and customary charge, including mark-up or professional fee, for purposes of program payments and allowances could not exceed the 75th percentile of charges by comparable vendors in an area. (Ribicoff floor amendment adopted by roll call vote of 77 yeas, 11 nays.)
194	191	(See social security tax rates, p. 3.)
195	191-192	<i>Judicial review of decisions of Provider Reimbursement Review Board.</i> —Present law grants judicial review to providers of services only when the Secretary of HEW on his own motion reverses or modifies adversely to the provider a decision of the Provider Reimbursement Review Board. Section 195 gives providers the right of judicial review of any board decision or subsequent affirmations, modification, or reversal by the Secretary. In addition, when a provider seeks judicial review the amount in controversy shall be subject to annual interest beginning 6 months after the intermediary has made a final determination or within 6 months after final

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
195	191-192	determination would have been made had it been on a timely basis. (Mondale floor amendment adopted by voice vote.)
196	193-196	<i>Practitioners refusing to perform abortions.</i> —Provides that nothing in the Medicare or Medicaid statute may be construed to require (1) any individual to perform or assist in the performance of any sterilization procedure or abortion if this would be contrary to his religious beliefs or moral convictions; and (2) any provider of services to make its facilities available for these procedures if this is prohibited by the entity on the basis of religious beliefs or moral convictions. (Church floor amendment adopted by voice vote.)
197	196-197	<i>Medicare lifetime reserve days.</i> —Increases lifetime reserve days under Medicare from 60 to 120 days and reduces the co-insurance on lifetime reserve days, effective January 1, 1974, from one-half to one-quarter of the amount of the inpatient hospital deductible. (Church floor amendment adopted by voice vote.)
198	197-198	<i>Definition of spell of illness.</i> —Under present law a "spell of illness" for Medicare purposes ends on the sixtieth consecutive day that an individual is neither in a hospital nor in a skilled nursing facility. Under Section 198, a spell of illness could end following the first period of 180 consecutive days that an individual (1) is an inpatient of a skilled nursing facility; (2) receives neither skilled nursing care or related services nor rehabilitation services; and (3) the facility is not receiving Medicaid payments for skilled nursing services provided to the individual. (Eagleton floor amendment approved by voice vote.)
198A	198-199	<i>Certain disabled spouses.</i> —Extends Medicare coverage to the dependent disabled spouse of an individual who is covered under Medicare because of his disability, if the spouse meets the definition of disability applicable for a widow. (Taft floor amendment adopted by voice vote.)
198B	200	<i>Study of coverage of home dialysis aides.</i> —Directs the Commissioner of Social Security to conduct a study of the feasibility and appropriateness of extending Medicare coverage to

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
198B	200	include the services of home aides to assist patients with kidney disease to perform dialysis in their own homes. (Cranston floor amendment adopted by voice vote.)
198C	200-201	<i>Limitation on Part A deductible.</i> —Holds the Part A deductible at \$72 through December, 1974; beginning January, 1975 the deductible would be increased, to the nearest multiple of \$4, based on the increased cost of hospital care in comparison to 1972 costs (under present law, the increased costs are compared with 1966 costs). (Muskie floor amendment adopted by voice vote.)
198D	201	<i>Abortions under Medicaid.</i> —Prohibits Federal matching under Title XIX for the performance of abortions. (Buckley floor amendment adopted by voice vote.)
198E	201-209	<i>Medicare coverage for certain persons aged 60 to 64.</i> —Provides optional Medicare protection to spouses aged 60 to 64 of Medicare beneficiaries and other persons aged 60 to 64 entitled to benefits under the Social Security Act. Cost of this protection will be fully met by the enrollees. Persons electing coverage would be required to enroll in both Part A and Part B. Effective date: July 1, 1974. (Cranston floor amendment adopted by voice vote.)
198F	209	<i>Savings clause for railroad retirement beneficiaries.</i> —In a savings clause in present law, Medicaid eligibility is continued, until June 30, 1975, for persons who would otherwise become ineligible because of the 20% social security benefit increase enacted in 1972. Section 198F of the Senate bill would extend this savings clause to include railroad retirement beneficiaries who would otherwise lose their Medicaid eligibility because of the 20% railroad retirement increase enacted in 1972. (Cranston floor amendment adopted by voice vote.)
198G, 198H	210-213	<i>Facilities providing immediate care.</i> —Authorizes Medicare and Medicaid payments for care provided in "immediate care facilities" defined in the amendment as including free-standing facilities which provide immediate care facility services on a 24-hour basis. Effective date: January 1, 1974. (Biden floor amendment adopted by voice vote.)

## VIII. Medicare and Medicaid Amendments—Continued

Section	Bill page	Description
198I	213-215	<i>Home health visits.</i> —Deletes the requirement for prior hospitalization in order to be eligible for 100 home health visits under Part A of Medicare and provides that the 100 visit limitation is applicable to a calendar year rather than to a spell of illness. (Humphrey floor amendment adopted by voice vote.)

## IX. Maternal and Child Health

199	215-216	<i>Pediatric pulmonary centers.</i> —Amends Sec. 511 of the maternal and child health program so as to specifically authorize up to \$5 million in each of fiscal years 1975-1979 for support of pediatric pulmonary centers. (Talmadge floor amendment adopted by voice vote.)
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## X. Miscellaneous Clerical and Conforming Amendments

201		The Senate amendment includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments. A number of these are included in the House version of the bill.
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## SOCIAL SECURITY CASH BENEFITS

201(a)	216-217	<i>Automatic increases in earnings test exempt amount.</i> —The Senate 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.
201(b)	217	<i>Increases in certain cases of delayed retirement.</i> —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

## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(b)	217	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 Senate amendment would let him take the higher benefit.
201(c)	217-218	<i>Elimination of special age 72 benefits for people entitled to SSI.</i> —This Senate 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. This amendment is included in H.R. 3153 as it passed the House.

## SUPPLEMENTAL SECURITY INCOME

201(d)	218-219	<i>Limitations on eligibility determinations under resources tests of State plans.</i> —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 Senate 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).
201(e)	219-220	<i>Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.</i> —The SSI program includes a grandfather clause under which an individual

## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(e)	219-220	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 Senate 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.
201(f)	220-221	<i>Correction of erroneous designations and cross-references.</i> —This subsection would correct erroneous section numbers and cross references in the present law.
201(g)	221-222	<i>Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.</i> 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 Senate 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.
201(h)	222	<i>Technical correction of limitation of fiscal liability of States for optional supplementation.</i> —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 Senate 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.

**X. Miscellaneous Clerical and Conforming Amendments—Con.**

Section	Bill page	Description
201(i)	222-223	<i>Modification of transitional administrative provisions.</i> —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 Senate 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.
201(j)	223	<i>Inclusion of title VI in limitation on grants to States for social services.</i> —This Senate 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.
201(z-2)	230-232	<i>Conforming amendments to general provisions of Social Security Act.</i> —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 Senate amendment would conform these sections to the law enacted last year. (The House version of H.R. 3153 includes similar provisions.)
202(b)	233-234	<i>Transitional Federal payments.</i> —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 Senate amendment would authorize the Secretary of HEW to



## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
202(b)	233-234	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		
202(a)	232-233	<i>Federal matching for AFDC payments to Indians.</i> —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 Senate amendment would restore that Act insofar as it applies to the AFDC program.
MEDICARE AND MEDICAID		
201(k)	223-224	<i>Clarification of coverage of hospitalization for dental services.</i> —The Senate 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.
201(l)	224	<i>Continuation of State agreements for coverage of certain individuals.</i> —The Senate 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. (The House-passed version of H.R. 3153 includes a similar provision.)
201(m)	224	<i>Technical improvement of provisions governing disposition of HMO savings.</i> —The Senate amendment deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.

## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(n)	224-225	<i>Technical improvement of provisions governing allowable HMO premium charges.</i> —The Senate amendment provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.
201(o)	225	<i>Application for assistance on behalf of deceased individuals.</i> —The Senate amendment clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.
201(p)	225	<i>Expansion of intermediate care facility ownership disclosure requirements.</i> —The Senate 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.
201(q)	225-226	<i>Technical modification of extended Medicaid eligibility for AFDC recipients.</i> —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 Senate amendment 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. Section 201(q) also makes technical corrections.
201(r)	226	<i>Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.</i> —The Senate 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 Medicare if such individuals had been enrolled in Part B of Medicare. Current law includes this requirement for the aged.
201(s)	227	<i>Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.</i> —The Senate amendment clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions

## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
201(s)	227	will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.
201(t)	227	<i>Federal payments for family planning expenditures not limited to administrative costs.</i> —The Senate 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.
201(u)	227	<i>Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.</i> —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 Senate bill has included a provision which would extend this stipulation to disabled persons eligible for Medicare. Section 201(u) clarifies that this stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.
201(v)	227	<i>Utilization review by medical personnel associated with an institution.</i> —The Senate amendment eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.
201(w)	227-228	<i>Authority to prescribe standards under title XIX for active treatment of mental illness.</i> —The Senate 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. Corrects clerical errors.
201(x)	228-229	<i>Correction of erroneous designations and cross-references.</i> —Corrects clerical errors in title XIX.
201(y)	229-230	<i>Deletion of obsolete provisions.</i> —Deletes obsolete provisions in title XIX.
201(z)	230	<i>Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.</i> —P.L. 92-603 included a provision providing a limitation on Federal participation for dis-

## X. Miscellaneous Clerical and Conforming Amendments—Con.

Section	Bill page	Description
		approved capital expenditures. The Senate 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.
201(z-1)	230	<i>Technical improvement of authority to include expenses related to capital expenditures in certain cases.</i> —Corrects clerical errors.
201(z-2)	230-232	See page 38.
201(z-3)	232	<i>Effective dates.</i> —Specifies effective dates of clerical and conforming amendments.

### XI. Other Amendments

401	234-235	<i>Extended unemployment compensation.</i> —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. Section 401 modifies permanent law by permitting Federal matching of extended benefits in any State whose insured unemployment rate exceeds 4 percent without regard to the 120 percent requirement. (Javits floor amendment adopted by voice vote.)
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**XI. Other Amendments—Continued**

Section	Bill page	Description
402	235	<i>Embargo on exportation of oil drilling equipment.</i> —Prohibits the shipment of articles, materials, and supplies used in the exploration of crude oil, the extraction or refining of crude oil, or the transportation of crude oil or refined petroleum products from the United States to any country prohibiting or limiting the export of crude oil or refined petroleum to the United States, or to any other country exporting these materials to a country prohibiting or limiting the export of crude oil or refined petroleum products to the United States. (Dole floor amendment adopted by roll call vote of 54 yeas, 25 nays.)

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**Appendix**

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**Statistical Material**

TABLE 1.—SOCIAL SECURITY CASH BENEFIT PROGRAMS: 1ST  
FULL-YEAR COST OF SENATE PROVISIONS OF H.R. 3153

[Amounts in millions; numbers of persons in thousands]

Provision	Additional benefit payments in 1st full year	Present-law benefici- aries immedi- ately affected	New benefici- aries
<b>Finance Committee bill:</b>			
Benefit increases .....	<sup>1</sup> \$3,400	29,600 .....	
Special minimum benefit increase .....	23	200 .....	
<b>Senate floor amendments:</b>			
Reduced widows benefits at age 55 .....	600 .....		310
\$3,000 annual earnings limit exempt amount .....	630	1,230	370
Age 70 exemption from earn- ings limit <sup>2</sup> .....	240	160	80
Liberalized disability provi- sions for the blind .....	470	150	230

<sup>1</sup> Includes \$1 billion payable for the months of December 1973, January and February 1974. The benefit increases under H.R. 11333 would not be effective until March 1974.

<sup>2</sup> If combined with a \$3,000 exempt amount; with no change in exempt amount, first year cost would be \$280 million.

TABLE 2.—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, H.R. 11333, AND THE SENATE BILL

[In percent]

Item	OASI	DI	Total
Actuarial balance under present law.....	-0.48	-0.28	-0.76
H.R. 11333 and Finance Committee bill:			
Benefit increase and change in automatics... \$13,200 earnings base in 1974.....	-0.04	( <sup>1</sup> )	-0.04
Revised tax schedule.....	+0.04	+0.01	+0.05
Finance Committee bill: Modification of special minimum.	+0.05	+0.19	+0.24
Senate floor amendments:			
Reduced widows' benefits.	-0.05	( <sup>1</sup> )	-0.05
Change in disability benefits for blind.....	-0.07	( <sup>2</sup> )	-0.07
\$3,000 exempt amount...	( <sup>2</sup> )	-0.13	-0.13
Age 70 limit on retirement test <sup>3</sup> .....	-0.09	( <sup>2</sup> )	-0.09
Age 70 limit on retirement test <sup>3</sup> .....	-0.07	( <sup>2</sup> )	-0.07
Total effect of changes in bill.	-0.23	+0.07	-0.16
Actuarial balance under bill...	-0.71	-0.21	-0.92

<sup>1</sup> Less than 0.005.<sup>2</sup> Not applicable under this program.<sup>3</sup> If combined with \$3,000 exempt amount. With \$2,400 exempt amount, cost is 0.08.



TABLE 3.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM: PROGRESS OF THE COMBINED OASI AND DI TRUST FUNDS, UNDER PRESENT LAW, UNDER H.R. 11333, AND UNDER H.R. 3153, CALENDAR YEARS, 1973-78

[In billions]

Calendar year	Income				Outgo			
	Present law	H.R. 11333	Finance Committee bill <sup>1</sup>	Senate bill	Present law	H.R. 11333	Finance Committee bill <sup>1</sup>	Senate bill
1973.....	\$54.8	\$54.8	\$54.8	\$54.8	\$53.4	\$53.4	\$53.4	\$53.4
1974.....	61.4	63.1	63.1	63.1	58.9	61.2	62.4	63.5
1975.....	66.5	68.5	68.3	68.2	66.6	67.6	67.5	69.4
1976.....	72.6	74.8	74.5	74.2	72.7	73.1	72.9	75.0
1977.....	78.4	80.9	80.5	80.2	78.5	77.8	77.6	79.8
1978.....	82.0	85.5	85.2	84.6	82.3	83.7	83.5	85.8
	Net increase in funds				Assets, end of year			
	Present law	H.R. 11333	Finance Committee bill <sup>1</sup>	Senate bill	Present law	H.R. 11333	Finance Committee bill <sup>1</sup>	Senate bill
1973.....	\$1.4	\$1.4	\$1.4	\$1.4	\$44.2	\$44.2	\$44.2	\$44.2
1974.....	2.6	1.9	0.7	-0.4	46.8	46.1	45.0	43.8
1975.....	-0.1	0.8	0.8	-1.2	46.7	46.9	45.8	42.5
1976.....	( <sup>2</sup> )	1.7	1.6	-0.8	46.6	48.6	47.4	41.7
1977.....	-0.2	3.1	2.9	0.3	46.5	51.7	50.3	42.0
1978.....	-0.3	1.9	1.7	-1.2	46.2	53.6	51.9	40.8

<sup>1</sup> Finance Committee bill estimates were based on an assumed November 1973 month of enactment. A December 1973 enactment would reduce calendar year 1974 outgo under that bill by \$0.3 billion.

<sup>2</sup> Outgo exceeds income by less than \$50,000,000.

TABLE 4.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM:  
START-OF-YEAR TRUST FUND ASSETS AS PERCENTAGE OF  
EXPENDITURES FOR THE YEAR

[In percent]

Calendar year	Present law	H.R. 11333	Finance Committee bill	Senate bill
1973.....	80	80	80	80
1974.....	75	72	71	70
1975.....	70	68	67	63
1976.....	64	64	63	57
1977.....	59	63	61	52
1978.....	56	62	60	49

TABLE 5.—BENEFIT INCREASES AND CHANGES IN THE EARNINGS BASE UNDER PRESENT LAW, AND THE SENATE BILL <sup>1</sup>

Year	General benefit increase (percent)		Contribution and benefit base	
	Present law	Senate bill	Present law	Senate bill
<b>Special increases: <sup>2</sup></b>				
1973.....		7.0	\$10,800	\$10,800
1974.....	5.9		12,600	13,200
<b>Permanent increases: <sup>3</sup></b>				
1974.....		11.0	12,600	13,200
1975.....	<sup>4</sup> 11.5	<sup>4</sup> 3.1	<sup>4</sup> 13,500	<sup>4</sup> 14,100
1976.....	4.0	3.1	14,400	15,000
1977.....	3.0		15,300	15,900
1978.....		5.8	15,300	15,900

<sup>1</sup> Senate bill is the same as H.R. 11333 except that 7 percent increase would occur in 1974 under H.R. 11333.

<sup>2</sup> Under present law, as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for June-December 1974; under the Senate bill, the special benefit increase of 7 percent is effective from the month of enactment through May 1974.

<sup>3</sup> The first permanent benefit increase (11.5 percent under present law and 11 percent under the Senate 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 Senate bill). Permanent benefit increases under present law become effective for January of the stated year; under the Senate bill they become effective for June.

<sup>4</sup> Amounts for 1975 and later are estimated.

TABLE 6.—ANNUAL EXEMPT AMOUNT FOR EARNINGS LIMITATION <sup>1</sup>

Year	Exempt amount under present law, H.R. 11333, and Finance Committee bill	Exempt amount under Senate bill
1973.....	\$2,100	\$2,100
1974.....	2,400	3,000
1975.....	2,520	3,240
1976.....	2,640	3,480
1977.....	2,880	3,720
1978.....	2,880	3,720

<sup>1</sup> Amounts for 1975 and later years are estimated.

TABLE 7.—COSTS OR SAVINGS OF SENATE BILL RELATED TO SUPPLEMENTAL SECURITY INCOME, TAX CREDIT FOR LOW INCOME WORKERS, AID TO FAMILIES WITH DEPENDENT CHILDREN, SOCIAL SERVICES, CHILD SUPPORT, MEDICAID AND UNEMPLOYMENT COMPENSATION <sup>1</sup>

<i>Provision</i>	[1st full-year costs; dollars in millions]
Supplemental security income provisions:	<b>cost</b>
Increase in SSI benefits.....	\$130
Eligibility of SSI recipients for food stamps (assumes 50-percent participation).....	70
Limitation on grandfather clause for disabled.....	-150
Limit on benefit reduction for support and maintenance provided in-kind.....	(?)
Tax credit for low-income workers with families.....	600
Social services and child welfare services:	
Reallotment of ceilings under \$2,500,000,000 limit.....	25
National adoption information exchange system.....	1
Requirement of hearings with respect to services for aged, blind, and disabled.....	1
Aid to families with dependent children:	
Pass along of social security increase to AFDC recipients.....	7
Change in AFDC disregard provisions.....	-155
Alternative nonjudicial procedure for AFDC foster care.....	20
Child support program.....	<sup>2</sup> 43
Medical assistance program amendments:	
Coverage of persons getting optional SSI State supplements.....	(4)
Increased matching with respect to Indians.....	4
Matching for Medicare buy-in Arizona.....	2
Grandfather clause for certain railroad retirement beneficiaries.....	2
Coverage of services in "immediate care facilities".....	(5)
Prohibition of matching for abortions.....	(6)
Maternal and child health:	
Grants to regional pediatric pulmonary centers.....	5
Unemployment compensation amendment.....	<sup>7</sup> 438

<sup>1</sup> Does not include the following provisions for which it is estimated that there will be minimal costs: *SSI amendments*: Regional variation in allowable exclusion from resources of value of home; value of resources—reduction for encumbrances; exclusion from income of certain scholarships. *Social work training*: Specific authorization for grants to colleges and training in educational institutions. *Aid to Families with Dependent Children*: Study of ineligibility.

<sup>2</sup> The cost of the provision will depend upon the extent to which recipients make payments to persons furnishing them in-kind support and maintenance. The Department's estimates of the cost of the SSI program had included an estimate that SSI benefit costs would in the first year be reduced by \$665 million because of the one-third reduction in benefits to people getting support and maintenance in-kind.

<sup>3</sup> HEW estimates that in the 2d full-year instead of a cost there will be a savings of \$148,000,000.

<sup>4</sup> Public Law 92-603 which established the SSI programs did not make clear the medicaid status of persons getting optional State supplementary payments. The provision in the Senate bill dealing with this issue will not require any increase in the Administration's budget estimates for the program.

<sup>5</sup> Less than \$1,000,000.

<sup>6</sup> This amendment could have substantial overall cost impact on both welfare and Medicaid to the extent of increases in the number of families or family members on welfare and the additional cost of medical services associated with delivery, post partum care for the mother, and well baby care generally covered under Medicaid.

<sup>7</sup> Maximum estimated cost if all eligible States (under October 1973 estimate) utilize provision. Amount is from unemployment trust fund: \$225,000,000 Federal and \$213,000,000 from State accounts.

TABLE 8.—CHANGE IN THE ACTUARIAL BALANCE OF THE HI SYSTEM UNDER THE SENATE FINANCE COMMITTEE PROPOSAL AND UNDER THE SENATE BILL <sup>1</sup>

Item	Finance Committee bill	Senate-passed bill
Actuarial balance under present law..	-0.01	-0.01
Tax base and tax rates.....	+0.01	+0.01
Drugs.....		-.14
Financing for drugs.....		+0.10
Change inpatient deductible.....		-.02
Extend lifetime reserve.....		-.02
Terminate benefit period in SNF.....		-.01
Cover disabled spouses.....		-.02
Change in blind disability.....		-.02
Home health liberalization.....		( <sup>2</sup> )
Total.....	0	<sup>1</sup> -.13

<sup>1</sup> It has not yet been possible to estimate the cost of covering immediate care facilities.

<sup>2</sup> Minor.

TABLE 9.—ESTIMATED OUTLAYS FOR NEW MEDICARE PROVISIONS OF SENATE PASSED VERSION OF H.R. 3153 BY FISCAL YEAR

(In millions)

	1974	1975	1976	1977	1978
<b>Hospital insurance:</b>					
Drugs—benefits.....	\$100	\$700	\$708	\$761	\$819
Drugs—administration..	30	70	75	80	86
Redetermine deductible.....	35	105	107	130	170
Extend lifetime reserve..	5	75	85	100	115
Cover disabled spouses..	25	60	71	82	94
Home health without prior stay.....	2	5	5	6	6
Liberalize blind disability.....			10	109	129
Immediate care facilities.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Terminate benefit period in SNF.....	10	25	28	31	35
<b>Total hospital insurance (Except for Immediate Care Facilities).....</b>	<b>207</b>	<b>1,040</b>	<b>1,089</b>	<b>1,299</b>	<b>1,454</b>
<b>Supplementary medical insurance:</b>					
Cover disabled spouses..	5	20	24	28	32
Liberalize blind disability.....			3	30	43
<b>Total supplementary medical insurance.....</b>	<b>5</b>	<b>20</b>	<b>27</b>	<b>58</b>	<b>75</b>

<sup>1</sup> No estimate.

TABLE 10.—HOSPITAL INSURANCE: PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW, H.R. 11333, SENATE FINANCE COMMITTEE BILL, AND SENATE BILL, CALENDAR YEARS 1974-78

[In billions]

	Income			Outgo		
	Present law	H.R. 11333, and Finance Committee bill	Senate bill	Present law, H.R. 11333, and Finance Committee bill	Senate bill <sup>1</sup>	
Calendar year:						
1974.....	\$13.1	\$12.1	\$12.7	\$9.8	\$10.6	
1975.....	14.3	13.1	13.7	11.5	12.6	
1976.....	15.7	14.3	14.9	13.0	14.2	
1977.....	17.1	15.4	16.1	14.7	16.1	
1978.....	22.0	19.4	20.1	16.6	18.1	
	Net increase in funds			Assets, end of year		
	Present law	H.R. 11333 and Finance Committee bill	Senate bill <sup>1</sup>	Present law	H.R. 11333 and Finance Committee bill	Senate bill <sup>1</sup>
Calendar year:						
1974.....	\$3.3	\$2.3	\$2.1	\$9.6	\$8.6	\$8.4
1975.....	2.8	1.5	1.1	12.4	10.1	9.5
1976.....	2.7	1.2	.7	15.1	11.3	10.2
1977.....	2.3	.7	.....	17.5	12.0	10.2
1978.....	5.5	2.8	2.0	22.9	14.9	12.2

<sup>1</sup> Estimates do not include costs attributable to provision relating to "immediate care facilities."

TABLE 11.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND  
UNDER PRESENT LAW, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
<b>Income:</b>						
Premiums.....	\$1,427	\$1,700	\$1,847	\$2,000	\$2,127	\$2,228
Government contributions.....	1,430	2,031	2,504	2,998	3,522	4,121
Interest.....	45	55	77	99	126	155
<b>Total income.....</b>	<b>2,902</b>	<b>3,786</b>	<b>4,428</b>	<b>5,097</b>	<b>5,775</b>	<b>6,504</b>
<b>Expenditures:</b>						
Benefits.....	2,391	3,003	3,624	4,158	4,745	5,354
Administrative expenses.....	246	392	451	506	558	613
<b>Total disbursements.....</b>	<b>2,637</b>	<b>3,395</b>	<b>4,075</b>	<b>4,664</b>	<b>5,303</b>	<b>5,967</b>
Trust fund at end of year.....	746	1,137	1,490	1,923	2,395	2,932

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TABLE 12.—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND UNDER H.R. 3153, AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
<b>Income:</b>						
Premiums.....	\$1,427	\$1,702	\$1,935	\$2,068	\$2,179	\$2,282
Government contributions.....	1,430	2,038	2,441	2,945	3,511	4,135
Interest.....	45	55	77	100	125	154
<b>Total income.....</b>	<b>2,902</b>	<b>3,795</b>	<b>4,453</b>	<b>5,113</b>	<b>5,815</b>	<b>6,571</b>
<b>Expenditures:</b>						
Benefits.....	2,391	3,008	3,644	4,185	4,803	5,429
Administrative expenses.....	246	392	451	506	558	613
<b>Total disbursements.....</b>	<b>2,637</b>	<b>3,400</b>	<b>4,095</b>	<b>4,691</b>	<b>5,361</b>	<b>6,042</b>
Trust fund at end of year.....	746	1,141	1,499	1,921	2,375	2,904

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TABLE 13.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW,  
FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
<b>Income:</b>						
Payroll taxes.....	\$7,657	\$11,376	\$12,599	\$13,551	\$14,382	\$17,318
Transfers from railroad retirement account.....	63	105	125	135	136	137
Reimbursement for uninsured persons.....	381	537	530	533	534	527
Premiums for voluntary enrollees.....		82	104	118	144	166
Reimbursement for military wage credits....	48	48	48	48	48	48
Interest on investments.....	196	356	548	723	870	1,039
<b>Total income.....</b>	<b>8,346</b>	<b>12,504</b>	<b>13,954</b>	<b>15,108</b>	<b>16,114</b>	<b>19,235</b>
<b>Disbursements:</b>						
Benefit payments.....	6,648	8,790	10,440	11,860	13,450	15,180
Administrative expenses.....	193	296	353	414	440	469
<b>Total disbursements.....</b>	<b>6,841</b>	<b>9,086</b>	<b>10,793</b>	<b>12,274</b>	<b>13,890</b>	<b>15,649</b>
<b>Trust fund at end of year.....</b>	<b>4,363</b>	<b>7,781</b>	<b>10,942</b>	<b>13,776</b>	<b>16,000</b>	<b>19,586</b>

TABLE 14.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER H.R. 3153,  
AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

[In millions]

	1973	1974	1975	1976	1977	1978
<b>Income:</b>						
Payroll taxes.....	\$7,657	\$11,077	\$11,939	\$12,945	\$14,224	\$16,690
Transfers from railroad retirement ac- count.....	63	105	121	130	131	131
Reimbursement for uninsured persons....	381	537	530	533	534	527
Premiums for voluntary enrollees.....		82	104	118	144	166
Reimbursement for military wage credits..	48	48	48	48	48	48
Interest on investments.....	196	339	464	531	572	617
<b>Total income.....</b>	<b>8,346</b>	<b>12,188</b>	<b>13,206</b>	<b>14,305</b>	<b>15,653</b>	<b>18,179</b>
<b>Disbursements:</b>						
Benefit payments <sup>1</sup> .....	6,648	8,967	11,410	12,874	14,669	16,548
Administrative expenses.....	193	326	423	489	520	555
<b>Total disbursements <sup>1</sup>.....</b>	<b>6,841</b>	<b>9,293</b>	<b>11,833</b>	<b>13,363</b>	<b>15,189</b>	<b>17,103</b>
Trust fund at end of year.....	4,363	7,258	8,631	9,573	10,037	11,113

<sup>1</sup> These estimates do not include amounts for "immediate care facilities."





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APPOINTMENT OF CONFEREES ON  
H.R. 3153, AMENDING SOCIAL SE-  
CURITY ACT

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes, with the 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 Oregon? The Chair hears none, and appoints the following conferees: Messrs. ULLMAN, BURKE of Massachusetts, Mrs. GRIFFITHS, Messrs. ROSTENKOWSKI, SCHNEEBELI, COLLIER and BROYHILL of Virginia.

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## LISTING OF REFERENCE MATERIALS

U.S. Congress. Senate. Committee on Finance. *Hearings on S. 1842, S. 2081 and Other Matters Relating to Child Support and the Work Bonus*. 93rd Congress, 1st session.

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U.S. Congress. Senate. Committee on Finance. *Hearing on Supplemental Security Income Program*. 93rd Congress, 1st session.

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